ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

COMMITTEE ON COMMERCE

Report of Regular Meeting
Tuesday, February 18, 2025
House Hearing Room 5 -- 2:00 P.M. OR UPON RECESS OR ADJOURNMENT OF FLOOR

Convened 3:39 P.M.
Adjourned 6:54 P.M.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE
2/19/25

Members Present
Representative Aguilar
Representative Blackman
Representative Cavero
Representative Connolly
Representative Diaz
Representative Hendrix
Representative Villegas
Representative Wilmeth
Representative Way, Vice-Chairman
Representative Weninger, Chairman

Members Absent

Agenda
Original Agenda – Attachment 1

Request to Speak
Report – Attachment 2

Committee Attendance
Report – Attachment 3

Committee Action

Bill	Action	Vote	Attachments
HB2695	DPA	10-0-0-0	4,5,6
HB2865	DPA	7-3-0-0	7,8,9
HB2866	DPA	9-1-0-0	10,11,12
HB2787	DP	6-3-0-1	13,14
HB2387	DPA	9-0-0-1	15,16,17
HB2873	DPA	8-0-0-2	18,19,20
HB2741	DP	8-0-0-2	21,22
HB2905	DP	8-0-0-2	23,24
HB2906	DP	9-0-0-1	25,26
HB2869	DP	6-3-1-0	27,28

HB2328	DPA/SE	6-4-0-0	29,30,31
HB2654	DPA/SE	9-0-0-1	32,33,34,35
HB2342	DPA/SE	5-4-0-1	36,37,38
HB2324	DPA/SE	9-0-0-1	39,40,41
HB2095	HELD		
HB2483	HELD		
HB2721	HELD		

Abby Selvey, Committee Secretary
February 19, 2025

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

Conv: 3:39 PM
Adjm: 6:54 PM

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

REGULAR MEETING AGENDA

COMMITTEE ON COMMERCE

DATE Tuesday, February 18, 2025 ROOM HHR 5 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=2025021091

Members:

Representative Aguilar
Representative Blackman
Representative Cavero
Representative Connolly
Representative Diaz
Representative Hendrix
Representative Villegas
Representative Wilmeth
Representative Way, Vice-Chairman
Representative Weninger, Chairman

Bills		Short Title	Strike Everything Title
*HB2095	Held	homeowners' associations; declaration amendment; vote	**S/E: same subject**
		(Kupper)	
	———	COM, RULES	
HB2324	DPA S/E	technical correction; unclaimed property; interest	**S/E: forfeiture; digital assets; reserve fund**
		(Weninger)	
	9-0-0-1	COM, RULES	
HB2328	DPA S/E	technical correction; liquor licenses	**S/E: fantasy sports contests**
		(Weninger)	
	6-4-0-0	COM, RULES	
HB2342	DPA S/E	cell phone carrier; spam calls	**S/E: ~~cryptocurrency~~**
		(Martinez)	**blockchain technology; regulation; computational power**
	5-4-0-1	COM, RULES	
HB2387	DPA	cryptocurrency kiosk; license; fraud prevention	
		(Marshall: Way)	
	9-0-0-1	COM, RULES	

ATTACHMENT 1

Bills		Short Title	Strike Everything Title
HB2483	Held	registrar of contractors; licensure (Hendrix) COM, RULES	
*~~HB2647~~		~~rental payments; credit reporting~~ ~~(Liguori: Abeytia, Austin, et al)~~ ~~COM, RULES~~	
HB2654	DPA S/E 9-0-0-1	blockchain and cryptocurrency study committee (Weninger) COM, RULES	**S/E: cryptocurrency and blockchain commission**
HB2695	DPA 10-0-0-0	financially vulnerable adult; financial exploitation (Livingston: Nguyen) COM, RULES	
*HB2721	Held	ambulance services; public information (Willoughby) COM held 0-0-0-0-0, RULES	**S/E: financial disclosure statement; public officers**
HB2741	DP 8-0-0-2	liquor sampling; reporting; requirements. (Lopez: Biasiucci, Blackman, et al) COM, RULES	
HB2787	DP 6-3-0-1	ground ambulances; registration (Willoughby) COM, RULES	
HB2865	DPA 7-3-0-0	homeowners' associations; attorney fees (Carter N) COM, RULES	
HB2866	DPA 9-1-0-0	homeowner's associations; unlawful enforcement; damages (Carter N) COM, RULES	
HB2869	DP 6-3-1-0	municipal development; independent provider review (Way: Biasiucci, Carbone, et al) GOV w/d, COM, RULES	
HB2873	DPA 8-0-0-2	tourism improvement areas; municipalities; counties (Wilmeth) COM, RULES	

Bills		Short Title	Strike Everything Title
HB2905	DP	craft producer; festival; fair; license	
		(Weninger)	
	8-0-0-2	COM, RULES	
HB2906	DP	financial technology; digital assets program	
		(Weninger)	
	9-0-0-1	COM, RULES	
~~HB2925~~		~~rezoning; administrative act; referral prohibited.~~	
		~~(Carbone: Biasiucci, Lopez)~~	
		~~COM, RULES~~	

* On previous agenda

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

~~RA~~
VC
~~02/12/2025~~
~~02/13/2025~~
~~02/14/2025~~
02/17/2025

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.

Information Registered on the Request to Speak System

House Commerce (2/18/2025)

HB2095, homeowners' associations; declaration amendment; vote

Neutral:

Tom Farley, Arizona Association Of Realtors

Oppose:

Spencer Kamps, HOME BUILDERS ASSOCIATION OF CENTRAL AZ; Dennis J Legere, ARIZONA HOMEOWNERS COALITION; Michael Racy, Lobbyist, DIAMOND VENTURES INC; Jason Barraza, Associate Director, ARIZONA ASSOCIATION OF COMMUNITY MANAGERS (AACM); Priscilla Storm, representing self; Bryan Hawk, representing self; Christine Keitges, representing self; Paige Livingston, representing self; Kelly Birr, representing self; Fernanda Quintanilla, representing self; L. Anne Brothers, representing self; Kurt Gronlund, representing self; Catherine McGurk, representing self; Douglas Kupel, representing self; Lynda Christner, representing self; Linda Ross, representing self; Roseanne and Steve Elson, representing self; Pierre Desombre, representing self; Joyce Monsanto, representing self; Rhonda Wakai, representing self; Theresa Kim West, representing self; Denise Priddy, representing self; Michele Morrison, representing self; Deepak Nayak, representing self; Lopa Nayak, representing self

All Comments:

Dennis J Legere, ARIZONA HOMEOWNERS COALITION: As drafted, this bill is unacceptable and will allow associations to violate the property rights of homeowners. An association may not modify the restrictions on their private property without their consent. An Amendment is pending.; Paige Livingston, Self: Many CC&Rs allow a 51% majority to amend. I'm not sure why you'd want to make is more difficult for homeowners to amend their CC&Rs. Perhaps, adding "or the lower # if stated in the CC&Rs?"; Kelly Birr, Self: This bill seems well-intentioned but if it becomes law, WILL be abused by malicious groups (including HOA boards) to change HOA declarations against the interests of most homeowners by having intentionally poorly announced votes/meetings.; Douglas Kupel, Self: This bill would enable associations to add or significantly modify restrictions without even a majority of votes in the community. Please kill this poorly written and deceitful bill. As written, it is unsalvageable.; Linda Ross, Self: This bill needs to be defeated.

HB2324, technical correction; unclaimed property; interest

HB2328, technical correction; liquor licenses

Testified in support:

Ryan O'Daniel, Prizepicks

Testified as opposed:

Kelsey Lundy, SPORTS BETTING ALLIANCE

ATTACHMENT 2

Oppose:

Theresa Ulmer, COCOPAH INDIAN TRIBE; Meghaen Dell'Artino, GILA RIVER INDIAN COMMUNITY; Jaime Molera, AZ INDIAN GAMING ASSN; Emily Ryan, Pascua Yaqui Tribe; John MacDonald, HUALAPAI TRIBE; Mike Gardner, SPORTS BETTING ALLIANCE; Rex Bartlett, Arizona Indian Gaming Association; Tom Farley, COLORADO RIVER INDIAN TRIBES; Bradley Bledsoe Downes, representing self; Mike Bielecki, Navajo Nation Council

All Comments:

Theresa Ulmer, COCOPAH INDIAN TRIBE: Opposed to proposed Striker Amendment.; Meghaen Dell'Artino, GILA RIVER INDIAN COMMUNITY: this amendment will likely trigger the poison pill which will have adverse financial consequences for the State; Jaime Molera, AZ INDIAN GAMING ASSN: Oppose the strike everything amendment.; John MacDonald, HUALAPAI TRIBE: Opposed to strike-everything amendment to 2328.; Mike Bielecki, Navajo Nation Council: The Strike All amendment conflicts with the AZ gaming compacts with tribes, would violate the compact and trigger the poison pill. This was a Compact that was negotiated for over 3 years with Governor Ducey.

HB2342, cell phone carrier; spam calls

Oppose:

Sandy Bahr, Sierra Club - Grand Canyon Chapter; Thomas Krepitch, representing self; Rebecca Smith Gross, representing self; Craig McDermott, representing self; Beverly Janowitz-Price, representing self; Alisa McMahon, representing self; Michael Fiflis, representing self; Dianne Post, representing self; Darrell Boomgaarden, representing self; Charlie Silver, representing self; Jenna Lillibridge, representing self; Marilyn Schwind, representing self; Maggie Huntington, representing self; Kathryn Pensinger, representing self; Nancy Santori, representing self; Sherry Massie, representing self; Barbara Swenson, representing self; Barbara Hollway, representing self; Chris Allen, representing self; Samantha Meier, representing self; David Myers, representing self; Monica Bills, representing self; Marilyn Murov, representing self; Nancee K Wood, representing self; Kathryn Dorn, representing self; Valarie Bryant, representing self; Jessica Bueno, representing self

All Comments:

Sandy Bahr, Sierra Club - Grand Canyon Chapter: These use a lot of resources and need more, not less regulation.; Alisa McMahon, Self: S/E: Who would regulate? When the legislature usurps local authority, it often saddles localities with problems they have no power to fix. It seems the most likely problems here would be power and internet capacity. Some cities in AZ provide power.; Michael Fiflis, Self: S/E: Special interest legislation for the rich and powerful, preempting local authority to regulate and leaving local problems without a fix.; Chris Allen, Self: Why are you trying to make it easier to use black market currency? The cartels have wrecked havoc on our communities, making their payments easier is going to make things worse.; Marilyn Murov, Self: this striker would cut needed safeguards to crypto; Kathryn Dorn, Self: I oppose the strike-everything amendment which would make it more difficult to regulate cryptocurrency and, therefore, prevent the state from limiting crypto's deliberate waste of energy! We need our electricity for lifesaving AC, not fake money!

HB2387, cryptocurrency kiosk; license; fraud prevention

Testified in support:

Marie Isaacson, Coinflip; Brendon Blake, AARP; Joe Clure , Arizona Police Association; Thomas Intrieri, representing self

Support:

Megan Kintner, AZ ASSOCIATION OF COUNTIES; Jack W Lunsford, AARP Arizona; Brett Mecum, representing self; Harold Bergsma, representing self; Eileen Kendig, representing self; Nick Debus, AZ ATTORNEY GENERAL'S OFFICE; Don Isaacson, Coinflip; Tom Doescher , representing self

Oppose:

Thomas Krepitch, representing self; Craig McDermott, representing self; Beverly Janowitz-Price, representing self; Dianne Post, representing self; Bettina Bickel, representing self; Jenna Lillibridge, representing self; Kathryn Pensinger, representing self; Kathleen Dubbs, representing self; Nancy Santori, representing self; Barbara Hollway, representing self; David Myers, representing self; Monica Bills, representing self; Nancee K Wood, representing self; Valarie Bryant, representing self; Jessica Bueno, representing self

All Comments:

Brendon Blake, AARP: AARP believes strongly in providing protections for Arizonans against scammers; Don Isaacson, Coinflip: Will speak, if necessary

HB2483, registrar of contractors; licensure

Support:

Araceli Lopez, AZ REGISTRAR OF CONTRACTORS

All Comments:

Araceli Lopez, AZ REGISTRAR OF CONTRACTORS: Further explanation of bill

HB2654, blockchain and cryptocurrency study committee

Support:

Dianne McCallister, Arizona Technology Council; Brett Mecum, representing self

HB2695, financially vulnerable adult; financial exploitation

Support:

James Fitzpatrick, representing self

Neutral:

Kathy Ber, DES Director of Legislative Services, Arizona Department Of Economic Security

HB2721, ambulance services; public information

HB2741, liquor sampling; reporting; requirements.

Testified in support:
Michelle Ahlmer, ARIZONA RETAILERS ASSOCIATION

Testified as neutral:
Steve Barclay, BEER & WINE DISTRIBUTORS OF ARIZONA

Support:
Trish Hart, Arizona Food Marketing Alliance

HB2787, ground ambulances; registration

Support:
Stan Barnes, PRIORITY AMBULANCE, LLC; John Flynn, Arizona Fire District Association

All Comments:
Stan Barnes, PRIORITY AMBULANCE, LLC: I wish to speak to the bill in committee

HB2865, homeowners' associations; attorney fees

Testified in support:
Dennis J Legere, ARIZONA HOMEOWNERS COALITION

Testified as neutral:
Tom Farley, Arizona Association Of Realtors

Testified as opposed:
Spencer Kamps, HOME BUILDERS ASSOCIATION OF CENTRAL AZ; Lynelle Glysson, representing self; Kathryn Battock, representing self

Support:
Paul Gaulocher, representing self; Kurt Gronlund, representing self; Bryan Hawk, representing self; Catherine McGurk, representing self; Douglas Kupel, representing self; Linda Ross, representing self; Roseanne and Steve Elson, representing self; Pierre Desombre, representing self; Teresa Pinter, representing self; Rhonda Wakai, representing self; Theresa Kim West, representing self; Denise Priddy, representing self; Michele Morrison, representing self; Deepak Nayak, representing self; Lopa Nayak, representing self

Oppose:

Alexis Glascock, COMMUNITY ASSOCIATIONS INSTITUTE; Jason Barraza, Associate Director, ARIZONA ASSOCIATION OF COMMUNITY MANAGERS (AACM); Brian Lincks, representing self; L. Anne Brothers, representing self; Lysa Agan-Nabours, representing self; Lynda Christner, representing self; Joyce Monsanto, representing self

All Comments:

Dennis J Legere, ARIZONA HOMEOWNERS COALITION: While the approach of this bill is unconventional, it is appropriate because only the homeowners can hold the associations accountable to the law thru litigation. No other method is available as is there any oversight organization over the behaviors.; Paul Gaulocher, Self: I am for this Bill; Douglas Kupel, Self: I support the negotiated language changes that will be supplied as an amendment prior to this bill being heard in committee that will allow the homeowner to be awarded attorney fees if they prevail but not the association.; Kathryn Battock, Self: This bill would be an unconstitutional tax on law abiding homeowners.; Brian Lincks, Self: This is very poor and unnecessary legislation, this goes against basic law, this will breed more lawsuits and is totally unnecessary. It's going to make it difficult for the average community manager to navigate this legislation, vote no !; Lysa Agan-Nabours, Self: HOA's need to be able to hold homeowners in a group, accountable; Tom Farley, Arizona Association Of Realtors: Neutral with the adoption of the amendment.

HB2866, homeowner's associations; unlawful enforcement; damages

Testified in support:

Dennis J Legere, ARIZONA HOMEOWNERS COALITION

Testified as opposed:

Spencer Kamps, HOME BUILDERS ASSOCIATION OF CENTRAL AZ; Lynelle Glysson, representing self

Support:

Onita Davis, representing self; Shirley Dye, representing self; Rose Sperry, representing self; Mike Sullivan, representing self; Bill Blewster, representing self; Mark Logan, representing self; Cindy Sullivan, representing self; Theresa Logan, representing self; Greg Kistler, representing self; Stephen Harris, representing self; Buffalo Rick Galeener, representing self; Susan Bolt, representing self; Melanie Hutchings, representing self; Phyllis Lester, representing self; Susan Kelly, representing self; Helen Hebert, representing self; Starr Costa, representing self; Donna Booth, representing self; Pam Throw, representing self; Gary Zimmerman, representing self; Dayle Hartgerink, representing self; Barbara Blewster, representing self; Paul Gaulocher, representing self; Kurt Gronlund, representing self; Bryan Hawk, representing self; Catherine McGurk, representing self; Douglas Kupel, representing self; Linda Ross, representing self; Roseanne and Steve Elson, representing self; Pierre Desombre, representing self; Teresa Pinter, representing self; Rhonda Wakai, representing self; Theresa Kim West, representing self; Denise Priddy, representing self; Michele Morrison, representing self; Deepak Nayak, representing self; Lopa Nayak, representing self

Neutral:

Craig McDermott, representing self

Oppose:

Lysa Agan-Nabours, representing self; Jason Barraza, Associate Director, ARIZONA ASSOCIATION OF COMMUNITY MANAGERS (AACM); Alexis Glascock, COMMUNITY ASSOCIATIONS INSTITUTE; Lynda Christner, representing self; Joyce Monsanto, representing self

All Comments:

Dennis J Legere, ARIZONA HOMEOWNERS COALITION: We support the concept of this bill with modifications to the penalty amounts. Non-compliance with the law must have consequences, or the behaviors will never change.; Shirley Dye, Self: Heavy handed homeowners associations have caused many problems by being overly heavy handed and my way or the highway, even if state legislation says it is OK to like have chickens, or the color of paint for your house.; Bill Blewster, Self: Associations have to be required and enforced to obey the laws governing their activities & rules.; Stephen Harris, Self: HOA Boards sometimes overstep the law!; Helen Hebert, Self: Associations need to follow the laws; Gary Zimmerman, Self: I've heard too many horror stories of HOAs going amuck and dictatorial, and even passing frankly unconstitutional "rules" on their members. Hopefully this can control these HOAs.; Dayle Hartgerink, Self: LD28 PC; Barbara Blewster, Self: We have seen homeowners associations be way out of control. It is helpful if citizens remember to be good neighbors; Paul Gaulocher, Self: I am for this Bill; Douglas Kupel, Self: I support this legislation if the damages awarded are reduced to reasonable amounts of less than $5,000.; Lysa Agan-Nabours, Self: HOA's need to have a way to enforce CCR's and recover fines.; Craig McDermott, Self: Inadvertently entered a position on this one

HB2869, municipal development; independent provider review

Support:

Tim Rosenberger, representing self; Elizabeth King, representing self; William & Mary Jurica, representing self; Charles Mackey, representing self; robert Hobbs Sr., representing self; Charmaine Roth, representing self; Susie Luhrs, representing self; Dianna Gates, representing self; Greg Blackie, AZ FREE ENTERPRISE CLUB; Carole Challoner, representing self; LouAnn Sedgwick, representing self; Vickie Parks, representing self; Cherie Anello, representing self; Peter Anello, representing self; Lynne M Alcaraz, representing self; Mary Evelyn Simpson, representing self; Steve Hetsler, representing self; Peter Asencio, representing self; Thomas Simacek, representing self; Jean Rice, representing self; karen enns, representing self; Mary Jamsa, representing self; deana corsa, representing self; Travis Chow, representing self; Vicki Roller-Chow, representing self; Roy Scott Lassell, representing self; Cornel Choskey, representing self; Kathryn Clark, representing self; Donalda Bond, representing self; Lydia Choskey, representing self; Lynda Patrick-Hayes, representing self; Anne Rankin, representing self; Jane Evans, representing self; Cheryl Pardini, representing self; Robin Davis, representing self; Laurel Lynn Scott, representing self; Ronald Pardini, representing self; Karen Hobbs, representing self

Oppose:

Marshall Pimentel, LEAGUE OF ARIZONA CITIES & TOWNS; Robyn Prud'homme-Bauer, representing self; Tom Dorn, Arizona Planning Association; Amber Wakeman, EL MIRAGE, CITY OF; Rob Bohr, GILBERT, TOWN OF; Miranda DeWitt, MESA, CITY OF; Peggy J McMahon, representing self; Randy Brown, representing self; Teri Grunewald, representing self; Garrett Bowers, representing self; Dale Wiebusch, "SCOTTSDALE, CITY OF "; Eric Goettl, representing self; Robert Wisler , APACHE JUNCTION, CITY OF; Ilse Contreras, PHOENIX, CITY OF; Wendy Radimer, representing self; Paul Johnson, representing self; Damian Dorame, BUCKEYE, TOWN OF

All Comments:

Charles Mackey, Self: Allowing a builder to use an independent provider to review permits and do inspections would speed up the home building immensely. Cities, towns, counties are extremely slow in reviewing permits and doing inspections. Vote YES; Susie Luhrs, Self: Let's make things easier for permitting.; Vickie Parks, Self: This is a good idea; Mary Evelyn Simpson, Self: YavGOP PC. Support speeding development act. Reduce the housing shortage caused bby over regulation.; Peter Asencio, Self: I am a PC Captain, AZ State Committeeman. We hav a affordable housing shortage that needs to be delt with.; Mary Jamsa, Self: The use of an independent reviewer will move things along in a quicker time frame. I support this bill.; Roy Scott Lassell, Self: I fully support this bill. It makes sense and is appropriate.; Kathryn Clark, Self: Having independent reviewers for the permit process will result in a bigger supply and lower cost of permits. This will result in a bigger supply of homes. This would be great - please vote YES.; Donalda Bond, Self: I support allowing private inspections etc as long as they are state qualified.; Peggy J McMahon, Self: BAD BILL, same as the one last year. 3rd party plan review is so unnecessary and fraught with issues. DON'T VOTE FOR THIS BILL.; Randy Brown, Self: This would swing the door WIDE OPEN to corruption. We don't need the fox guarding the hen house.; Teri Grunewald, Self: ALLOWS CONTRACT & PYMNT DIRECTLY TO INDEPENDENT PROVIDER.; Garrett Bowers, Self: Precinct & State Committeeman and 2nd Vice Chair, YavGOP; Wendy Radimer, Self: AGAINST this bill. Wendy Radimer, a Precinct and State Committeeman; Paul Johnson, Self: I am against this Bill. I am Arnold Paul Johnson who is a Precinct Committeeman i

HB2873, tourism improvement areas; municipalities; counties

Testified in support:

Marcus Carney, representing self; Ron Price, representing self; Laura Magnus, EXPERIENCE SCOTTSDALE, VISIT MESA

Testified as neutral:

Jim Rounds, representing self

Testified as opposed:

Kevin McCarthy, ARIZONA TAX RESEARCH ASSOCIATION (ATRA); Bill Blewster, representing self; Greg Blackie, AZ FREE ENTERPRISE CLUB

Support:

Michael Racy, Lobbyist, PIMA COUNTY; James Hamilton, PHOENIX RACEWAY; Todd Baughman, ARIZONA LODGING AND TOURISM ASSOCIATION; John MacDonald, VISIT PHOENIX; Steve Barclay, BEER & WINE DISTRIBUTORS OF ARIZONA; Julie Rees, TUCSON AIRPORT AUTHORITY; Greg Kistler, representing self; Marc Garcia, representing self; Alexis Susdorf, PRESCOTT, CITY OF; Clark Princell, VALLEY PARTNERSHIP; Ronald Pardini, representing self; Steve Kaiser, VISIT MESA; Barbara Blewster, representing self; Dennis Kavanaugh, representing self

Oppose:

Joe Galli, Flagstaff Chamber of Commerce, Greater Flagstaff Chamber Of Commerce; Onita Davis, representing self; Ed Davis, representing self; Rose Sperry, representing self; Cathy Schwanke, representing self; Mike Sullivan, representing self; James Dutton , representing self; Mark Logan, representing self; Warren Woodward, representing self; Cindy Sullivan, representing self; Theresa Logan, representing self; Leslie White, representing self; Buffalo Rick Galeener, representing self; Susan Bolt, representing self; William & Mary Jurica, representing self; Charles Mackey, representing self; Charmaine Roth, representing self; Susie Luhrs, representing self; Dianna

Gates, representing self; Carole Challoner, representing self; Randy Brown, representing self; Sydney Brown, representing self; Melanie Hutchings, representing self; LouAnn Sedgwick, representing self; Teri Grunewald, representing self; Phyllis Lester, representing self; Vickie Parks, representing self; Cherie Anello, representing self; Peter Anello, representing self; Lynne M Alcaraz, representing self; Helen Hebert, representing self; Starr Costa, representing self; Carol Kliewer, representing self; Mary Evelyn Simpson, representing self; Janet Klepacz, representing self; Steve Hetsler, representing self; Peter Asencio, representing self; Thomas Simacek, representing self; Garrett Bowers, representing self; Jean Rice, representing self; karen enns, representing self; Jeffrey Luft, representing self; Mary Jamsa, representing self; deana corsa, representing self; John Matthews, representing self; Travis Chow, representing self; Vicki Roller-Chow, representing self; Roy Scott Lassell, representing self; Michael Mote, representing self; Pam Throw, representing self; Sandee McKinlay, representing self; Cornel Choskey, representing self; Kathryn Clark, representing self; Gary Zimmerman, representing self; Donalda Bond, representing self; Lydia Choskey, representing self; Anne Rankin, representing self; Wendy Radimer, representing self; Paul Johnson, representing self; Jane Evans, representing self; Robin Davis, representing self; Laurel Lynn Scott, representing self; Bill Harenburg, representing self

All Comments:

John MacDonald, VISIT PHOENIX: Support bill and Weninger amendment.; James Dutton , Self: Kill it before the infection spreads.; Leslie White, Self: Big GOVT BILL. Vote NO! PC in LD5.; Charles Mackey, Self: This bill would allow a government entity to allow hotels to form an tourism improvement district. This hotel association would charge and collect fees from hotels in the area. This would force some hotels to unnecessarily comply. Vote NO.; Randy Brown, Self: Business bullying! Just like a Union. Don't want to participate? Too bad! Tyranny of the majority! AZ is a Right to Work state, why can't we be a Right to Run your Business state? Lodging businesses can do this by VOLUNTARY association if they want.; Sydney Brown, Self: Participation in funding tourism projects should be VOLUNTARY.; Teri Grunewald, Self: Only allows for some businesses to be given benefits.; Phyllis Lester, Self: Businesses should do this without the involvement of government; Vickie Parks, Self: Cannot force, for example, other hotels to participate; Helen Hebert, Self: Would be a lot cheaper if government is kept out of it.; Mary Evelyn Simpson, Self: YavGOP PC Long convuluted bill that shuld not behandled by the legislature. Busineses would be better served by a local business coalition for business development.; Janet Klepacz, Self: NO! Allows a municipality or county to approve the formation of a tourism improvement area upon a petition signed by the lodging business owners who represent at least 67% of the total lodging business rooms available within the proposed area.....; Peter Asencio, Self: I am a PC Captain, AZ State Committeeman. Rules should be fair to everyone, not a select few.; Garrett Bowers, Self: Precinct & State Committeeman and 2nd Vice Chair, YavGOP LETS TREAT ALL BUSINESSES FAIR! "Tourism Districts" giving benefits to one zone and not another is UNFAIR.; karen enns, Self: Hotels should not be able to force other hotels to pay unnecessary taxes. .; Jeffrey Luft, Self: This would create an unfair burden on businesses; Mary Jamsa, Self: This bill will add additional taxes to hotels that will have to recoup these additional taxes from their guests. I am against this bill.; John Matthews, Self: If businesses involved in tourism want this done, they should do it without government involvement.; Roy Scott Lassell, Self: I do not support this bill. This does not support appropriate taxation.; Kathryn Clark, Self: Participation in funding tourism projects should be voluntary, not compelled by a supermajority voted tax on hotels. Please vote NO.; Gary Zimmerman, Self: Tourist businesses/CoCs can form their own tourism improvement organizations. The government need not be involved nor should government monies be used for the benefits of a few businesses.; Donalda Bond, Self: I'm against forced taxing tourism should get a coalition; Wendy Radimer, Self: AGAINST with this bill. Wendy Radimer, a Precinct and State Committeeman; Paul Johnson, Self: I am AGAINST this bill and I am Arnold Paul Johnson who is a Precinct Committeeman; Bill Harenburg, Self: It doesn't make sense to force a company to spend money based on other's opinions.; Jim Rounds, Self: I am conducting the ROI analysis of the bill.

HB2905, craft producer; festival; fair; license

Testified in support:

Rob Fullmer, ARIZONA CRAFT BREWERS GUILD; Dr Garrison Ellam, ARIZONA CRAFT PRODUCERS ASSN

Support:

Steve Barclay, BEER & WINE DISTRIBUTORS OF ARIZONA; Don Isaacson, Arizona Licensed Beverage Association; Marie Isaacson, AZ LICENSED BEVERAGE ASSN

All Comments:

Rob Fullmer, ARIZONA CRAFT BREWERS GUILD: This is a vital and timely bill that will provide regulatory relief to smaller rural breweries and also unify language and strengthen festival licensing.

HB2906, financial technology; digital assets program

Support:

Dianne McCallister, Arizona Technology Council; Brett Mecum, representing self

COMPLETE FORM FOR PUBLIC RECORD

STATE OF ARIZONA

HOUSE OF REPRESENTATIVES

REQUEST TO SPEAK

Committee on Commerce Date: 2/18/25 Bill Number: 2865 and 2866

Name: John Clauch | ☒ Support ☐ Oppose ☐ Neutral | Need to Speak: ☒ Yes ☐ No

Representing: _____ Registered Lobbyist ☐ Yes ☒ No

Address: 1633 E. Keith Ave City/State: Sun Valley Zip Code: 85140

Email Address: rjclauch-5@msn.com Phone Number: _____

Comments: _____

SPEAKING TIME DETERMINED BY THE CHAIRMAN

COMPLETE FORM FOR PUBLIC RECORD

STATE OF ARIZONA

HOUSE OF REPRESENTATIVES

REQUEST TO SPEAK

Committee on Commerce Date: 2/18/25 Bill Number: 2866 AND 2865

Name: Carrie Webber | ☒ Support ☐ Oppose ☐ Neutral | Need to Speak: ☒ Yes ☐ No

Representing: _____ Registered Lobbyist ☐ Yes ☒ No

Address: 20652 E Natalie Way City/State: Queen Creek AZ Zip Code: 85142

Email Address: sweetwatercrossing@gmail.com Phone Number: 540-878-9908

Comments: _____

SPEAKING TIME DETERMINED BY THE CHAIRMAN

COMPLETE FORM FOR PUBLIC RECORD

STATE OF ARIZONA

HOUSE OF REPRESENTATIVES

REQUEST TO SPEAK

Committee on Commerce Date: 2/18/25 Bill Number: 2865 AND 2866

Name: PAUL Gallagher | ☒ Support ☐ Oppose ☐ Neutral | Need to Speak: ☒ Yes ☐ No

Representing: Self Registered Lobbyist ☐ Yes ☒ No

Address: 6049 N 79TH Street City/State: Scottsdale Zip Code: 85256

Email Address: paulgos1@hotmail.com Phone Number: 480-994-9534

Comments: in favor of Both

SPEAKING TIME DETERMINED BY THE CHAIRMAN

He is signed in but provided a slip just incase

COMPLETE FORM FOR PUBLIC RECORD

STATE OF ARIZONA

HOUSE OF REPRESENTATIVES

REQUEST TO SPEAK

Committee on Commerce Date: 2/18/25 Bill Number: 2387

Name: Thomas Intrieri | ☒ Support ☐ Oppose ☐ Neutral | Need to Speak: ☒ Yes ☐ No

Representing: City of Peoria Police Dept. Registered Lobbyist ☐ Yes ☒ No

Address: 8401 W. Monroe St. City/State: Peoria Zip Code: 85345

Email Address: Thomas.Intrieri@PeoriaAz.gov Phone Number: 623-262-8361

Comments:

SPEAKING TIME DETERMINED BY THE CHAIRMAN

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on Commerce | Bill Number 2387

Date 2/18/25 | ☒ Support ☐ Oppose ☐ Neutral

Name Jon Turka | Need to Speak? ☒ Yes ☐ No

Representing Conflip | Are you a registered lobbyist? No

Complete Address 433 W. Van Buren St Chicago, IL

E-mail Address jturka@conflip.tech | Phone Number 920-450-8707

Comments:

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

ARIZONA STATE LEGISLATURE

Fifty-seventh Legislature - First Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON **COMMERCE**

CHAIRMAN: Jeff Weninger VICE-CHAIRMAN: Michael Way

	DATE	01/14/25	1/28/25	2/4 /25	2/11/25	2/18 /25
	CONVENED	2:07pm	2:05pm	2:02pm	3:03pm	3:39pm
	RECESSED					
	RECONVENED					
	ADJOURNED	5:10pm	4:10pm	6:26pm	4:44pm	6:54pm
MEMBERS						
Aguilar		✓	✓	✓	✓	✓
Blackman		✓	✓	✓	✓	✓
Cavero		✓	✓	✓	✓	✓
Connolly		✓	✓	✓	✓	✓
Diaz		✓	✓	✓	✓	✓
Hendrix		✓	✓	✓	✓	✓
Villegas		✓	✓	✓	✓	✓
Wilmeth		✓	✓	✓	✓	✓
Way, Vice-Chairman		✓	✓	✓	✓	✓
Weninger, Chairman		✓	✓	✓	✓	✓

√ Present --- Absent exc Excused

ATTACHMENT 3

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2695: financially vulnerable adult; financial exploitation
Sponsor: Representative Livingston, LD 28
Committee on Commerce

Overview

Authorizes a financial institution to communicate with persons on a trusted contact list that a financially vulnerable adult is believed to be a victim or target of exploitation.

History

Adult Protective Services (APS) is a program within the DES Division of Aging and Adult Services and is responsible for investigating allegations of abuse, exploitation and neglect of vulnerable adults. The duties and responsibilities of APS workers include: 1) receiving reports of abused, exploited or neglected vulnerable adults; 2) receiving oral or written information indicating that an adult may be in need of protective services; 3) conducting evaluations to determine if an adult is in need of protective services and which services are needed; 4) offering protective services to individuals in need; and 5) filing petitions for guardianship or conservatorship of vulnerable adults (A.R.S. § 46-452).

A *vulnerable adult* is an individual who is 18 years of age or older and who is unable to protect himself from abuse, neglect or exploitation by others because of a physical or mental impairment. Vulnerable adult includes an incapacitated person (A.R.S. § 46-451).

Provisions

1. Allows a financial institution to offer the opportunity to submit and update a trusted contact list to financially vulnerable adults. (Sec. 1)
2. Instructs a financial institution to conduct the same level of reasonable due diligence on any trusted person that it conducts for their customers. (Sec. 1)
3. Stipulates the financial institution must communicate with specified individuals if the institution has reasonable suspicion that a financially vulnerable adult is a victim or target of exploitation. (Sec. 1)
4. Exempts the information that is shared from any customer consent or customer notice requirements. (Sec. 1)
5. Prescribes the training that must be provided by the financial institution. (Sec. 1)
6. Requires that a financial institution that provides exploitation training to:
   a) retain copies of training materials;
   b) maintain a list of trained employees with dates of training; and
   c) provide training materials to the Department of Insurance and Financial Institutions or any other governmental entity on request. (Sec 1)

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

ATTACHMENT 4

7. Stipulates the financial institution must report the behavior to adult protective services, law enforcement or other governmental entity if there is reasonable suspicion to believe that the financially vulnerable adult is being or may have been exploited. (Sec. 1)
8. Adds the financial institution must cooperate in any investigation and disclose financial records and information relevant to an investigation. (Sec. 1)
9. Provides immunity from any civil or administrative liability for actions taken or omission made in good faith to financial institutions that provided training to their employees. (Sec. 1)
10. Defines *financial institution, financially vulnerable adult* and *trusted contact list.* (Sec. 1)

Fifty-seventh Legislature
First Regular Session

Commerce
H.B. 2695

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2695
(Reference to printed bill)

Amendment instruction key:
[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.
[Green underlining in brackets] indicates text added to new session law or text restoring existing law.
[~~GREEN STRIKEOUT IN BRACKETS~~] indicates new text removed from statute or previously enacted session law.
[~~Green strikeout in brackets~~] indicates text removed from existing statute, previously enacted session law or new session law.
<<Green carets>> indicate a section added to the bill.
<<~~Green strikeout in carets~~>> indicates a section removed from the bill.

The bill as proposed to be amended is reprinted as follows:

<<Sec. 1. Section 46-454, Arizona Revised Statutes, is amended to read:

46-454. Duty to report abuse, neglect and exploitation of vulnerable adults; duty to make medical records available; violation; classification

A. A health professional, emergency medical technician, home health provider, hospital intern or resident, speech, physical or occupational therapist, long-term care provider, social worker, peace officer, medical examiner, guardian, conservator, fire protection personnel, developmental disabilities provider, employee of the department of economic security or other person who has responsibility for the care of a vulnerable adult and who has a reasonable basis to believe that abuse, neglect or exploitation of the vulnerable adult has occurred shall immediately report or cause reports to be made of such reasonable basis to a peace officer or to the adult protective services central intake unit. The guardian or conservator of a vulnerable adult shall immediately report or cause reports to be made of such reasonable basis to the superior court and the adult protective services central intake unit. The reports required by this subsection shall be made immediately by telephone or online.

B. If an individual listed in subsection A of this section is an employee or agent of a health care institution as defined in section 36-401 and the health care institution's procedures require that all suspected abuse, neglect and exploitation be reported to adult protective services as required by law, the individual is deemed to have complied with the requirements of subsection A of this section by reporting or causing a report to be made to the health care institution in accordance with the health care institution's procedures.

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

ATTACHMENT 5

C. An attorney, accountant, trustee, guardian, conservator[, BANKING OR FINANCIAL PROFESSIONAL] or other person who has responsibility for preparing the tax records of a vulnerable adult or a person who has responsibility for any other action concerning the use or preservation of the vulnerable adult's property and who, in the course of fulfilling that responsibility, discovers a reasonable basis to believe that abuse, neglect or exploitation of the vulnerable adult has occurred shall immediately report or cause reports to be made of such reasonable basis to a peace officer or to the adult protective services central intake unit. The reports required by this subsection shall be made immediately by telephone or online.

D. Reports pursuant to subsections A and C of this section shall contain:

1. The names and addresses of the vulnerable adult and any persons having control or custody of the vulnerable adult, if known.

2. The vulnerable adult's age and the nature and extent of the vulnerable adult's vulnerability.

3. The nature and extent of the abuse, neglect or exploitation.

4. Any other information that the person reporting believes might be helpful in establishing the cause of the abuse, neglect or exploitation.

E. Any person other than one required to report or cause reports to be made pursuant to subsection A or C of this section who has a reasonable basis to believe that abuse, neglect or exploitation of a vulnerable adult has occurred may report the information to a peace officer or to the adult protective services central intake unit.

F. A person having custody or control of medical or financial records of a vulnerable adult for whom a report is required or authorized under this section shall make those records, or a copy of those records, available to a peace officer or adult protective services worker investigating the vulnerable adult's abuse, neglect or exploitation on written request for the records signed by the peace officer or adult protective services worker. Records disclosed pursuant to this subsection are confidential and may be used only in a judicial or administrative proceeding or investigation resulting from a report required or authorized under this section.

G. If reports pursuant to this section are received by a peace officer, the peace officer shall notify the adult protective services central intake unit as soon as possible and make that information available to them, including all related police records. A peace officer shall provide the information to adult protective services as soon as possible.

H. A person required to receive reports pursuant to subsection A, C or E of this section may take or cause to be taken photographs of the abused vulnerable adult and the vicinity involved. Medical examinations, including radiological examinations of the involved vulnerable adult, may be performed. Accounts, inventories or audits of the exploited vulnerable

adult's property may be performed. The person, department, agency or court that initiates the photographs, examinations, accounts, inventories or audits shall pay the associated costs in accordance with existing statutes and rules. If any person is found to be responsible for the abuse, neglect or exploitation of a vulnerable adult in a criminal or civil action, the court may order the person to make restitution as the court deems appropriate.

I. If psychiatric records are requested pursuant to subsection F of this section, the custodian of the records shall notify the attending psychiatrist, who may excise from the records, before they are made available:

1. Personal information about individuals other than the patient.

2. Information regarding specific diagnosis or treatment of a psychiatric condition, if the attending psychiatrist certifies in writing that release of the information would be detrimental to the patient's health or treatment.

J. If any portion of a psychiatric record is excised pursuant to subsection I of this section, a court, on application of a peace officer or adult protective services worker, may order that the entire record or any portion of the record containing information relevant to the reported abuse, neglect or exploitation be made available to the peace officer or adult protective services worker investigating the abuse, neglect or exploitation.

K. A licensing agency shall not find that a reported incidence of abuse at a care facility by itself is sufficient grounds to allow the agency to close the facility or to find that all residents are in imminent danger.

L. Retaliation against a person who in good faith reports abuse, neglect or exploitation is prohibited. Retaliation against a vulnerable adult who is the subject of a report is prohibited. Any adverse action taken against a person who reports abuse, neglect or exploitation or a vulnerable adult who is the subject of the report within ninety days after the report is filed is presumed to be retaliation.

M. A person who violates this section is guilty of a class 1 misdemeanor, except that if the failure to report involves an offense listed in title 13, chapter 14, the person is guilty of a class 6 felony.>>

Sec. 2. Title 46, chapter 4, article 1, Arizona Revised Statutes, is amended by adding section 46-456.01, to read:

46-456.01. Financial institutions; financially vulnerable adults; trusted contact list; training; immunity; definitions

A. A FINANCIAL INSTITUTION MAY OFFER TO A FINANCIALLY VULNERABLE ADULT THE OPPORTUNITY TO SUBMIT AND UPDATE A TRUSTED CONTACT LIST. A FINANCIAL INSTITUTION SHALL CONDUCT THE SAME LEVEL OF REASONABLE DUE DILIGENCE ON ANY TRUSTED PERSON THAT THE FINANCIAL INSTITUTION CONDUCTS FOR THE FINANCIAL INSTITUTION'S CUSTOMERS.

B. A FINANCIAL INSTITUTION THAT HAS REASONABLE CAUSE TO SUSPECT THAT A FINANCIALLY VULNERABLE ADULT IS A VICTIM OR TARGET OF EXPLOITATION SHALL COMMUNICATE WITH ANY OR ALL OF THE FOLLOWING [UNLESS THAT INDIVIDUAL IS SUSPECTED AS THE POSSIBLE PERPETRATOR OF THE ALLEGED EXPLOITATION]:

1. ANY PERSON ON THE TRUSTED CONTACT LIST.

2. A CO-OWNER, ADDITIONAL AUTHORIZED SIGNATORY OR BENEFICIARY ON ANY ACCOUNT THAT IS HELD BY A FINANCIALLY VULNERABLE ADULT.

3. ANY INDIVIDUAL WHO IS REASONABLY ASSOCIATED WITH THE FINANCIALLY VULNERABLE ADULT, INCLUDING A FAMILY MEMBER, IF THE FINANCIALLY VULNERABLE ADULT:

(a) DID NOT PROVIDE A TRUSTED CONTACT LIST OR THE FINANCIAL INSTITUTION WAS UNABLE TO COMMUNICATE WITH THE INDIVIDUALS ON THE TRUSTED CONTACT LIST.

(b) DOES NOT HAVE A POWER OF ATTORNEY.

[4. A FINANCIAL POWER OF ATTORNEY.]

C. INFORMATION THAT IS SHARED PURSUANT TO THIS SECTION IS EXEMPT FROM ANY CUSTOMER CONSENT OR CUSTOMER NOTICE REQUIREMENTS.

D. A FINANCIAL INSTITUTION SHALL PROVIDE TRAINING THAT INCLUDES ALL OF THE FOLLOWING:

1. HOW TO IDENTIFY EXPLOITATION OF A FINANCIALLY VULNERABLE ADULT.

2. HOW TO REPORT SUSPECTED FINANCIAL EXPLOITATION INTERNALLY WITHIN THE FINANCIAL INSTITUTION.

3. HOW TO REPORT SUSPECTED EXPLOITATION TO LAW ENFORCEMENT[~~,~~] [OR] ADULT PROTECTIVE SERVICES[~~ OR ANY OTHER GOVERNMENTAL ENTITY~~].

4. HOW TO RECOGNIZE THE SIGNS OF EXPLOITATION.

5. HOW TO PROTECT CONFIDENTIAL INFORMATION.

E. A FINANCIAL INSTITUTION THAT PROVIDES EXPLOITATION TRAINING TO IDENTIFY FINANCIALLY VULNERABLE ADULTS SHALL:

1. RETAIN A COPY OF THE TRAINING MATERIALS.

2. MAINTAIN A LIST OF EMPLOYEES WHO ATTEND THE TRAINING AND INCLUDE THE DATES OF COMPLETION FOR EACH EMPLOYEE.

3. PROVIDE THE TRAINING MATERIALS TO THE DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS [~~OR ANY OTHER GOVERNMENTAL ENTITY~~] ON REQUEST. THE FINANCIAL INSTITUTION MAY NOT DISCLOSE THE TRAINING MATERIALS TO FORMER EMPLOYEES.

F. IF A FINANCIAL INSTITUTION HAS REASONABLE SUSPICION TO BELIEVE THAT A FINANCIALLY VULNERABLE ADULT IS BEING OR MAY HAVE BEEN EXPLOITED, THE FINANCIAL INSTITUTION SHALL REPORT THE BEHAVIOR TO ADULT PROTECTIVE SERVICES[~~,~~] [OR] LAW ENFORCEMENT [~~OR ANY OTHER GOVERNMENTAL ENTITY~~]. THE FINANCIAL INSTITUTION SHALL COOPERATE IN ANY INVESTIGATION AND DISCLOSE FINANCIAL RECORDS AND INFORMATION RELEVANT TO AN INVESTIGATION.

G. A FINANCIAL INSTITUTION IS IMMUNE FROM ANY CIVIL OR ADMINISTRATIVE LIABILITY FOR ANY ACT TAKEN OR OMISSION MADE IN GOOD FAITH PURSUANT TO THIS SECTION, IF THE FINANCIAL INSTITUTION PROVIDED TRAINING TO THE FINANCIAL INSTITUTION'S EMPLOYEES.

H. FOR THE PURPOSES OF THIS SECTION:

1. "FINANCIAL INSTITUTION":

(a) HAS THE SAME MEANING PRESCRIBED IN SECTION 6-101.

(b) INCLUDES EMPLOYEES OF THE FINANCIAL INSTITUTION.

2. "FINANCIALLY VULNERABLE ADULT" [HAS THE SAME MEANING PRESCRIBED IN SECTION 46-451(A)(12).] [~~MEANS AN INDIVIDUAL WHO IS EITHER OF THE FOLLOWING:~~

~~(a) AT LEAST SIXTY-FIVE YEARS OF AGE.~~

~~(b) AT LEAST EIGHTEEN YEARS OF AGE AND WHO IS INCAPABLE OF MANAGING OR DIRECTING THE MANAGEMENT OF THE INDIVIDUAL'S PROPERTY DUE TO ANY OF THE FOLLOWING:~~

~~(i) MENTAL ILLNESS.~~

~~(ii) INTELLECTUAL DISABILITY.~~

~~(iii) DEMENTIA.~~

~~(iv) OTHER PHYSICAL OR MENTAL INCAPACITY.~~]

3. "TRUSTED CONTACT LIST" MEANS A LIST OF TRUSTED INDIVIDUALS THAT A FINANCIALLY VULNERABLE ADULT SUBMITS TO A FINANCIAL INSTITUTION AND THAT AUTHORIZES THE FINANCIAL INSTITUTION TO CONTACT INDIVIDUALS ON THE LIST IF THE FINANCIAL INSTITUTION HAS REASONABLE CAUSE TO SUSPECT THAT THE FINANCIALLY VULNERABLE ADULT IS A VICTIM OR TARGET OF EXPLOITATION.

Enroll and engross to conform
Amend title to conform

JEFF WENINGER

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H: LG/ra

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2695

DATE February 18, 2025 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Blackman		✓			
Cavero		✓			
Connolly		✓			
Diaz		✓			
Hendrix		✓			
Villegas		✓			
Wilmeth		✓			
Way, Vice-Chairman		✓			
Weninger, Chairman		✓			
		10	0	0	0

Abby Selvey
COMMITTEE SECRETARY

APPROVED:

Jeff Weninger
JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 6

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2865: homeowners' associations; attorney fees
Sponsor: Representative Carter N, LD 15
Committee on Commerce

Overview

Precludes an association from charging or assessing their attorney fees and costs onto a homeowner.

History

An association has a lien for homeowner expenses after the entry of a judgment in a civil sui for those expenses from a court of competent jurisdiction and the recording of that judgment in the office of the county recorder. A judgment or decree may include costs and reason attorney fees for the prevailing party (A.R.S. §§ 33-1256, 33-1807).

Provisions

1. Prohibits an association from charging or otherwise assessing the association's attorney fees and related costs onto one or more homeowners or former owners. (Sec. 1, 2)
2. Asserts all parties in any litigation, arbitration, mediation, administrative action or other claim must bear their own attorney fees and related costs. (Sec. 1, 2)
3. Allows a homeowner to recover attorney fees and related costs against the association as the governing documents provide. (Sec. 1, 2)

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

ATTACHMENT 7

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2865
(Reference to printed bill)

Amendment instruction key:
[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.
[Green underlining in brackets] indicates text added to new session law or text restoring existing law.
[~~GREEN STRIKEOUT IN BRACKETS~~] indicates new text removed from statute or previously enacted session law.
[~~Green strikeout in brackets~~] indicates text removed from existing statute, previously enacted session law or new session law.
<<Green carets>> indicate a section added to the bill.
<<~~Green strikeout in carets~~>> indicates a section removed from the bill.

The bill as proposed to be amended is reprinted as follows:

Section 1. Title 33, chapter 9, article 3, Arizona Revised Statutes, is amended by adding section 33-1243.01, to read:

33-1243.01. Attorney fees; costs

[A.] NOTWITHSTANDING ANY PROVISION IN THE CONDOMINIUM DOCUMENTS OR ANY AGREEMENT BETWEEN THIRD PARTIES [AND NOTWITHSTANDING ANY OTHER PROVISION IN THIS CHAPTER], AN ASSOCIATION SHALL NOT CHARGE OR OTHERWISE ASSESS THE ASSOCIATION'S ATTORNEY FEES AND RELATED COSTS ONTO ONE OR MORE UNIT OWNERS OR FORMER UNIT OWNERS. [~~ALL PARTIES IN ANY LITIGATION, ARBITRATION, MEDIATION, ADMINISTRATIVE ACTION OR OTHER CLAIM SHALL BEAR THEIR OWN ATTORNEY FEES AND RELATED COSTS, EXCEPT THAT~~] A UNIT OWNER OR FORMER UNIT OWNER MAY RECOVER ATTORNEY FEES AND RELATED COSTS AGAINST THE ASSOCIATION IF [~~THE CONDOMINIUM DOCUMENTS SO PROVIDE~~] [THE UNIT OWNER OR FORMER UNIT OWNER PREVAILS].

[B. SUBSECTION A OF THIS SECTION DOES NOT APPLY TO ANY ACTION BROUGHT PURSUANT TO SECTION 12-552.]

Sec. 2. Title 33, chapter 16, article 1, Arizona Revised Statutes, is amended by adding section 33-1803.01, to read:

33-1803.01. Attorney fees; costs

[A.] NOTWITHSTANDING ANY PROVISION IN THE COMMUNITY DOCUMENTS OR ANY AGREEMENT BETWEEN THIRD PARTIES [AND NOTWITHSTANDING ANY OTHER PROVISION IN THIS CHAPTER], AN ASSOCIATION SHALL NOT CHARGE OR OTHERWISE ASSESS THE ASSOCIATION'S ATTORNEY FEES AND RELATED COSTS ONTO ONE OR MORE MEMBERS OR FORMER MEMBERS. [~~ALL PARTIES IN ANY LITIGATION, ARBITRATION, MEDIATION, ADMINISTRATIVE ACTION OR OTHER CLAIM SHALL BEAR THEIR OWN ATTORNEY FEES AND RELATED COSTS, EXCEPT THAT~~] A MEMBER OR FORMER MEMBER MAY RECOVER ATTORNEY FEES AND RELATED COSTS AGAINST THE ASSOCIATION IF

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

ATTACHMENT 8

[~~THE COMMUNITY DOCUMENTS SO PROVIDE~~][THE MEMBER OR FORMER MEMBER PREVAILS].

[B. SUBSECTION A OF THIS SECTION DOES NOT APPLY TO ANY ACTION BROUGHT PURSUANT TO SECTION 12-552.]

Enroll and engross to conform

Amend title to conform

MICHAEL WAY

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2865

DATE February 18, 2025 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar			✓		
Blackman		✓			
Cavero		✓			
Connolly		✓			
Diaz		✓			
Hendrix			✓		
Villegas			✓		
Wilmeth		✓			
Way, Vice-Chairman		✓			
Weninger, Chairman		✓			
		7	3	0	0

Abby Selvey
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 9

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2866: homeowner's associations; unlawful enforcement; damages
Sponsor: Representative Carter N, LD 15
Committee on Commerce

Overview

Prescribes liability damages for associations that attempt to enforce provisions of their governing documents that are prohibited by law.

History

A unit owner or homeowner who receives a written notice that the condition of the unit owner's or homeowner's property is in violation of a requirement of the governing documents may provide the association with a written response within 21 calendar days after the date of the notice. The association must respond within 10 business days of receiving the owner's written response with a written explanation regarding the notice specifying: 1) the provision of the governing documents that has allegedly been violated; 2) the date of the violation or the date the violation was observed; 3) the first and last name of the person or persons who observed the violation; and 4) the process the unit owner must follow to contest the notice. The violation notice must include the process to contest the notice in order for the association to proceed with any action to enforce the governing documents and provide information on petitioning the Arizona Department of Real Estate for an administrative hearing regarding a dispute (A.R.S. §§ 33-1242, 33-1803).

Provisions

1. Stipulates an association that attempts to enforce any provision of their governing documents that is prohibited by law is liable for the following damages:
   a) for a first attempt to enforce, $1,000;
   b) for a second attempt to enforce, $10,000;
   c) for a third and any additional attempts to enforce, $100,000. (Sec. 1, 2)
2. Specifies the association's liability accrues based on the number of attempts to enforce without regard to whether enforcement is attempted against the same or different unit owners of the condominium, or members of the planned community. (Sec. 1,2)
3. Asserts a unit owner, or member, has recourse for damages against the association in any court of competent jurisdiction. (Sec. 1, 2)

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

ATTACHMENT 10

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2866
(Reference to printed bill)

Amendment instruction key:
[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.
[Green underlining in brackets] indicates text added to new session law or text restoring existing law.
[~~GREEN STRIKEOUT IN BRACKETS~~] indicates new text removed from statute or previously enacted session law.
[~~Green strikeout in brackets~~] indicates text removed from existing statute, previously enacted session law or new session law.
<<Green carets>> indicate a section added to the bill.
<<~~Green strikeout in carets~~>> indicates a section removed from the bill.

The bill as proposed to be amended is reprinted as follows:

Section 1. Section 33-1242, Arizona Revised Statutes, is amended to read:

33-1242. Powers of unit owners' association; notice to unit owner of violation; enforcement; damages

A. Subject to the provisions of the declaration, the association may:

1. Adopt and amend bylaws and rules.

2. Adopt and amend budgets for revenues, expenditures and reserves and collect assessments for common expenses from unit owners.

3. Hire and discharge managing agents and other employees, agents and independent contractors.

4. Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more unit owners on matters affecting the condominium.

5. Make contracts and incur liabilities.

6. Regulate the use, maintenance, repair, replacement and modification of common elements.

7. Cause additional improvements to be made as a part of the common elements.

8. Acquire, hold, encumber and convey in its own name any right, title or interest to real or personal property, except that common elements may be conveyed or subjected to a security interest only pursuant to section 33-1252.

9. Grant easements, leases, licenses and concessions through or over the common elements.

10. Impose and receive any payments, fees or charges for the use, rental or operation of the common elements other than limited common

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

ATTACHMENT 11

elements described in section 33-1212, paragraphs 2 and 4 and for services provided to unit owners.

11. Impose charges for late payment of assessments after the association has provided notice that the assessment is overdue or provided notice that the assessment is considered overdue after a certain date and, after notice and an opportunity to be heard, impose reasonable monetary penalties on unit owners for violations of the declaration, bylaws and rules of the association.

12. Impose reasonable charges for the preparation and recordation of amendments to the declaration or statements of unpaid assessments.

13. Provide for the indemnification of its officers and executive board of directors and maintain directors' and officers' liability insurance.

14. Assign its right to future income, including the right to receive common expense assessments, but only to the extent the declaration expressly provides.

15. Be a member of a master association or other entity owning, maintaining or governing in any respect any portion of the common elements or other property benefitting or related to the condominium or the unit owners in any respect.

16. Exercise any other powers conferred by the declaration or bylaws.

17. Exercise all other powers that may be exercised in this state by legal entities of the same type as the association.

18. Exercise any other powers necessary and proper for the governance and operation of the association.

B. A unit owner who receives a written notice that the condition of the property owned by the unit owner is in violation of a requirement of the condominium documents without regard to whether a monetary penalty is imposed by the notice may provide the association with a written response by sending the response by certified mail within twenty-one calendar days after the date of the notice. The response shall be sent to the address identified in the notice.

C. Within ten business days after receipt of the certified mail containing the response from the unit owner, the association shall respond to the unit owner with a written explanation regarding the notice that shall provide at least the following information unless previously provided in the notice of violation:

1. The provision of the condominium documents that has allegedly been violated.

2. The date of the violation or the date the violation was observed.

3. The first and last name of the person or persons who observed the violation.

4. The process the unit owner must follow to contest the notice.

D. Unless the information required in subsection C, paragraph 4 of this section is provided in the notice of violation, the association shall

not proceed with any action to enforce the condominium documents, including the collection of attorney fees, before or during the time prescribed by subsection C of this section regarding the exchange of information between the association and the unit owner and shall give the unit owner written notice of the unit owner's option to petition for an administrative hearing on the matter in the state real estate department pursuant to section 32-2199.01. At any time before or after completion of the exchange of information pursuant to this section, the unit owner may petition for a hearing pursuant to section 32-2199.01 if the dispute is within the jurisdiction of the state real estate department as prescribed in section 32-2199.01.

E. IF AN ASSOCIATION ATTEMPTS TO ENFORCE ANY PROVISION OF THE DECLARATION, BYLAWS OR RULES OF THE ASSOCIATION THAT IS PROHIBITED BY LAW, THE ASSOCIATION IS LIABLE FOR DAMAGES TO THE UNIT OWNER AS FOLLOWS:

1. FOR A FIRST ATTEMPT TO ENFORCE, $1,000.

[~~2. FOR A SECOND ATTEMPT TO ENFORCE, $10,000.~~]

[~~3.~~] [2.] FOR A [~~THIRD~~] [SECOND] AND ANY ADDITIONAL ATTEMPTS TO ENFORCE, [~~$100,000~~] [$2,500].

F. THE ASSOCIATION'S LIABILITY PRESCRIBED BY SUBSECTION E OF THIS SECTION ACCRUES BASED ON THE NUMBER OF ATTEMPTS TO ENFORCE WITHOUT REGARD TO WHETHER ENFORCEMENT IS ATTEMPTED AGAINST THE SAME OR DIFFERENT UNIT OWNERS OF THE CONDOMINIUM. A UNIT OWNER HAS RECOURSE FOR DAMAGES AGAINST THE ASSOCIATION IN ANY COURT OF COMPETENT JURISDICTION.

Sec. 2. Section 33-1803, Arizona Revised Statutes, is amended to read:

33-1803. Assessment limitation; penalties; notice to member of violation; enforcement; damages

A. Unless limitations in the community documents would result in a lower limit for the assessment, the association shall not impose a regular assessment that is more than twenty percent greater than the immediately preceding fiscal year's assessment without the approval of the majority of the members of the association. Unless reserved to the members of the association, the board of directors may impose reasonable charges for the late payment of assessments. A payment by a member is deemed late if it is unpaid fifteen or more days after its due date, unless the community documents provide for a longer period. Charges for the late payment of assessments are limited to the greater of ~~fifteen dollars~~ $15 or ten percent of the amount of the unpaid assessment and may be imposed only after the association has provided notice that the assessment is overdue or provided notice that the assessment is considered overdue after a certain date. Any monies paid by the member for an unpaid assessment shall be applied first to the principal amount unpaid and then to the interest accrued.

B. After notice and an opportunity to be heard, the board of directors may impose reasonable monetary penalties on members for violations of the declaration, bylaws and rules of the association. Notwithstanding any provision in the community documents, the board of

directors shall not impose a charge for a late payment of a penalty that exceeds the greater of ~~fifteen dollars~~ $15 or ten percent of the amount of the unpaid penalty. A payment is deemed late if it is unpaid fifteen or more days after its due date, unless the declaration, bylaws or rules of the association provide for a longer period. Any monies paid by a member for an unpaid penalty shall be applied first to the principal amount unpaid and then to the interest accrued. Notice pursuant to this subsection shall include information pertaining to the manner in which the penalty shall be enforced.

C. A member who receives a written notice that the condition of the property owned by the member is in violation of the community documents without regard to whether a monetary penalty is imposed by the notice may provide the association with a written response by sending the response by certified mail within twenty-one calendar days after the date of the notice. The response shall be sent to the address identified in the notice.

D. Within ten business days after receipt of the certified mail containing the response from the member, the association shall respond to the member with a written explanation regarding the notice that shall provide at least the following information unless previously provided in the notice of violation:

1. The provision of the community documents that has allegedly been violated.

2. The date of the violation or the date the violation was observed.

3. The first and last name of the person or persons who observed the violation.

4. The process the member must follow to contest the notice.

E. Unless the information required in subsection D, paragraph 4 of this section is provided in the notice of violation, the association shall not proceed with any action to enforce the community documents, including the collection of attorney fees, before or during the time prescribed by subsection D of this section regarding the exchange of information between the association and the member and shall give the member written notice of the member's option to petition for an administrative hearing on the matter in the state real estate department pursuant to section 32-2199.01. At any time before or after completion of the exchange of information pursuant to this section, the member may petition for a hearing pursuant to section 32-2199.01 if the dispute is within the jurisdiction of the state real estate department as prescribed in section 32-2199.01.

F. IF AN ASSOCIATION ATTEMPTS TO ENFORCE ANY PROVISION OF THE DECLARATION, BYLAWS OR RULES OF THE ASSOCIATION THAT IS PROHIBITED BY LAW, THE ASSOCIATION IS LIABLE FOR DAMAGES TO THE MEMBER AS FOLLOWS:

1. FOR A FIRST ATTEMPT TO ENFORCE, $1,000.

~~[2. FOR A SECOND ATTEMPT TO ENFORCE, $10,000.]~~

[~~3.~~] [2.] FOR A [~~THIRD~~] [SECOND] AND ANY ADDITIONAL ATTEMPTS TO ENFORCE, [~~$100,000~~] [$2,500].

G. THE ASSOCIATION'S LIABILITY PRESCRIBED BY SUBSECTION F OF THIS SECTION ACCRUES BASED ON THE NUMBER OF ATTEMPTS TO ENFORCE WITHOUT REGARD TO WHETHER ENFORCEMENT IS ATTEMPTED AGAINST THE SAME OR DIFFERENT MEMBERS OF THE PLANNED COMMUNITY. A MEMBER HAS RECOURSE FOR DAMAGES AGAINST THE ASSOCIATION IN ANY COURT OF COMPETENT JURISDICTION.

Enroll and engross to conform
Amend title to conform

MICHAEL WAY

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2866

DATE February 18, 2025 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar			✓		
Blackman		✓			
Cavero		✓			
Connolly		✓			
Diaz		✓			
Hendrix		✓			
Villegas		✓			
Wilmeth		✓			
Way, Vice-Chairman		✓			
Weninger, Chairman		✓			
		9	1	0	0

Abby Delvey
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 12

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2787: ground ambulances; registration
Sponsor: Representative Willoughby, LD 13
Committee on Commerce

Overview

An emergency measure that extends the validity of a certificate of registration.

History

The Department of Health Services (DHS) is statutorily required to adopt rules to regulate the operation of ambulances and ambulance services. Such rules must provide for DHS to: 1) determine, fix, alter and regulate just, reasonable and sufficient rates and charges for ambulances; 2) regulate operating and response times of ambulances to meet the needs of the public and to ensure adequate service; and 3) inspect, at a maximum of 12-month intervals, each registered ambulance to ensure that the vehicle is operation and safe and that all required medical equipment is operational. The director of DHS may inquire into the operation of an ambulance service, including a person operating an ambulance that has not been issued a certificate of registration or a person who does not have or is operating outside of a certificate of necessity (A.R.S. § 36-2232).

A person must apply for and obtain a certificate of registration in order to operate an ambulance. A person may be issued a certificate of registration by paying an initial registration fee and demonstrating to the director's satisfaction that they are in compliance with statute and all rules, standards and criteria adopted by DHS for the operation of an ambulance. A certificate of registration is valid for one year. However, an ambulance service may request that DHS issue an initial certificate of registration that expires before the end of one year in order for DHS to conduct an annual inspection of all of the ambulance service's ambulances at one time (A.R.S. § 36-2212).

Provisions

1. Stipulates that if DHS fails to schedule or perform an inspection of an ambulance within the prescribed time frame, an ambulance's registration remains valid and in effect until:
   a) DHS completes the required inspection; and
   b) the certificate of registration holder complies with the renewal process. (Sec. 1)
2. Asserts DHS's failure to issue or renew a certificate of registration within DHS's established time frames does not invalidate or delay the effective date of the certificate of registration. (Sec. 1)
3. Contains a legislative intent clause. (Sec. 2)
4. Applies retroactively to April 1, 2021. (Sec. 3)
5. Contains an emergency clause. (Sec. 4)

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

ATTACHMENT 13

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2787

DATE February 18, 2025 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar			✓		
Blackman		✓			
Cavero			✓		
Connolly		✓			
Diaz		✓			
Hendrix		✓			
Villegas			✓		
Wilmeth		✓			
Way, Vice-Chairman					✓
Weninger, Chairman		✓			
		6	3	0	1

Abby Selvey
COMMITTEE SECRETARY

APPROVED:
Jeff Weninger
JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 14

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2387: cryptocurrency kiosk; license; fraud prevention
Sponsor: Representative Marshall, LD 7
Committee on Commerce

Overview
Provides requirements for operating a cryptocurrency kiosk.

History
The Department of Insurance and Financial Institutions (DIFI) is responsible for regulating the insurance industry, financial institutions and enterprises and financial services and insurance professionals, including money transmitters and the transmission of money.

Money transmission means: 1) selling or issuing payment instruments to a person located in this state; 2) selling or issuing stored value to a person located in this state; and 3) receiving money for transmission from a person located in this state (A.R.S. § 6-1201).

Provisions
1. Stipulates, beginning January 1, 2026, a cryptocurrency kiosk operator must be licensed by DIFI to conduct a virtual business or advertise a virtual business. (Sec. 1)
2. Instructs a cryptocurrency kiosk operator to provide to any governmental entity, on request, a list of any cryptocurrency kiosks that is owned, operated or managed by the operator. (Sec. 1)
3. Prevents a cryptocurrency kiosk operator from locating or allowing a third party to locate a cryptocurrency kiosk unless the operator is licensed to perform money transmission pursuant to statute. (Sec. 1)
4. Requires a cryptocurrency kiosk operator to notify DIFI within 10 business days if there are any changes to outlined information relating to the business or the cryptocurrency kiosk. (Sec. 1)
5. Delineates the records a cryptocurrency kiosk operator must maintain as secured, encrypted data, for at least five years relating to the virtual currency business activity. (Sec. 1)
6. Instructs the Attorney General to enforce cryptocurrency kiosk operator provisions. (Sec. 1)
7. Adds that any act or practice that violates cryptocurrency kiosk operator provisions is a violation of money transmission statutes and the Consumer Fraud Act. (Sec. 1)
8. Requires the cryptocurrency kiosk operator to disclose, in a clear, conspicuous and readable manner, all relevant terms and conditions that are associated with the products, services and activities of the operator and virtual currency. (Sec. 1)

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

ATTACHMENT 15

9. Specifies the cryptocurrency kiosk operator must receive a receipt acknowledging all required disclosures from a customer through consent or confirmation. (Sec. 1)
10. Instructs the cryptocurrency kiosk operator to provide outlined disclosures separately from the appearance of a specified written warning. (Sec. 1)
11. Requires the customer to accept the disclosures before executing a cryptocurrency transaction. (Sec. 1)
12. Permits a cryptocurrency kiosk transaction if specified information is disclosed to a consumer. (Sec. 1)
13. Requires a cryptocurrency kiosk operator, on the completion of each kiosk transaction, to provide an individual with a physical receipt containing specified information. (Sec. 1)
14. Instructs a cryptocurrency kiosk operator to use blockchain analytics and tracing software to help prevent fraud by sending purchased virtual currency from an operator to a virtual wallet known to be affiliated with fraud at the time of a transaction. (Sec. 1)
15. Allows a relevant government entity to request evidence from a cryptocurrency kiosk operator showing current use of blockchain analytics. (Sec. 1)
16. Requires a cryptocurrency operator to take reasonable steps to detect and prevent fraud, including establishing and maintaining a written anti-fraud policy, conforming to federal know your consumer and anti-money laundering laws. (Sec. 1)
17. Asserts the anti-fraud policy must include:
    a) identification and assessment of fraud related to risk areas;
    b) procedures and controls to protect against identified risks;
    c) allocation of responsibility for monitoring risks; and
    d) procedures for the periodic evaluation and revision of the anti-fraud procedures, controls and monitoring mechanisms. (Sec. 1)
18. Requires a cryptocurrency kiosk operator to designate and employ a compliance officer with the following requirements:
    a) the ability to coordinate and monitor compliance with state and federal rules and regulations;
    b) full-time employment by the cryptocurrency kiosk operator; and
    c) must not own more than twenty percent of the cryptocurrency kiosk operator. (Sec. 1)
19. Prohibits a cryptocurrency operator from accepting more than $1,000 U.S. dollars in cash or the equivalent in virtual currency in one day from an Arizona customer. (Sec. 1)
20. Requires a cryptocurrency kiosk operator performing business in this state to provide live customer service for a minimum of 24 hours a day, 7 days per week. (Sec. 1)
21. Requires the cryptocurrency kiosk or the cryptocurrency kiosk screen to display the toll-free customer service number. (Sec. 1)
22. Defines pertinent terms. (Sec. 1)

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2387
(Reference to printed bill)

Amendment instruction key:
[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.
[Green underlining in brackets] indicates text added to new session law or text restoring existing law.
[~~GREEN STRIKEOUT IN BRACKETS~~] indicates new text removed from statute or previously enacted session law.
[~~Green strikeout in brackets~~] indicates text removed from existing statute, previously enacted session law or new session law.
<<Green carets>> indicate a section added to the bill.
<<~~Green strikeout in carets~~>> indicates a section removed from the bill.

The bill as proposed to be amended is reprinted as follows:

Section 1. Title 6, chapter 12, article 1, Arizona Revised Statutes, is amended by adding section 6-1236, to read:

6-1236. Cryptocurrency kiosk operator; attorney general; fraud prevention; definitions

[~~A. BEGINNING JANUARY 1, 2026, A CRYPTOCURRENCY KIOSK OPERATOR SHALL OBTAIN A LICENSE PURSUANT TO THIS SECTION ON A FORM AND IN A MANNER AS PRESCRIBED BY THE DEPARTMENT IN ORDER TO CONDUCT A VIRTUAL BUSINESS OR ADVERTISE A VIRTUAL BUSINESS.~~

~~B. A CRYPTOCURRENCY KIOSK OPERATOR SHALL PROVIDE A LIST OF ANY CRYPTOCURRENCY KIOSKS THAT THE OPERATOR OWNS, IN WHOLE OR IN PART, OPERATES OR MANAGES IN THIS STATE TO ANY GOVERNMENTAL ENTITY ON REQUEST.~~

~~C. A CRYPTOCURRENCY KIOSK OPERATOR MAY NOT LOCATE OR ALLOW A THIRD PARTY TO LOCATE A CRYPTOCURRENCY KIOSK IN THIS STATE UNLESS THE CRYPTOCURRENCY KIOSK OPERATOR IS LICENSED TO PERFORM MONEY TRANSMISSION PURSUANT TO THIS ARTICLE.~~

~~D. A CRYPTOCURRENCY KIOSK OPERATOR SHALL NOTIFY THE DEPARTMENT WITHIN TEN BUSINESS DAYS IF THERE ARE CHANGES TO ANY OF THE FOLLOWING:~~

~~1. THE COMPANY'S LEGAL NAME.~~

~~2. A TRADE NAME OR FICTITIOUS NAME.~~

~~3. THE PHYSICAL ADDRESS.~~

~~4. AN ADDITION OF A NEW CRYPTOCURRENCY KIOSK.~~

~~5. A CHANGE IN THE LOCATION OF A CRYPTOCURRENCY KIOSK.~~

~~6. THE REMOVAL OF A CRYPTOCURRENCY KIOSK.~~

~~7. THE VIRTUAL CURRENCY ADDRESS THAT IS ASSOCIATED WITH THE CRYPTOCURRENCY KIOSK.~~

~~E. IN ADDITION TO THE RECORD REQUIREMENTS AS PRESCRIBED IN SECTION 6-1221, A CRYPTOCURRENCY KIOSK OPERATOR SHALL MAINTAIN AS SECURED, ENCRYPTED DATA, ALL OF THE VIRTUAL CURRENCY BUSINESS ACTIVITY WITH OR ON BEHALF OF AN INDIVIDUAL OR ENTITY FOR AT LEAST FIVE YEARS AFTER THE DATE OF THE ACTIVITY, A RECORD OF:~~

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

ATTACHMENT 16

~~1. EACH TRANSACTION OF THE CRYPTOCURRENCY KIOSK OPERATOR, INCLUDING ALL OF THE FOLLOWING:~~

~~(a) THE IDENTITY OF THE INDIVIDUAL OR ENTITY.~~

~~(b) THE FORM OF THE TRANSACTION.~~

~~(c) THE AMOUNT, DATE AND PAYMENT INSTRUCTIONS GIVEN BY THE INDIVIDUAL OR ENTITY.~~

~~(d) THE ACCOUNT NUMBER, NAME AND UNITED STATES POSTAL SERVICE ADDRESS OF THE INDIVIDUAL AND ANY OTHER PARTIES TO THE TRANSACTION, IF THE INFORMATION IS AVAILABLE.~~

~~2. THE AGGREGATE NUMBER OF TRANSACTIONS AND AGGREGATE VALUE OF TRANSACTIONS THAT ARE PROVIDED IN A UNITED STATES DOLLAR EQUIVALENT OF VIRTUAL CURRENCY FOR THE PREVIOUS TWELVE CALENDAR MONTHS.~~

~~3. EACH TRANSACTION FOR WHICH THE CRYPTOCURRENCY KIOSK OPERATOR EXCHANGES ONE FORM OF VIRTUAL CURRENCY FOR MONEY.~~

~~4. THE NAME, ACCOUNT NUMBER AND UNITED STATES POSTAL SERVICE ADDRESS OF EACH BANK THE CRYPTOCURRENCY KIOSK OPERATOR USES TO CONDUCT VIRTUAL BUSINESS ACTIVITY.~~

~~5. A REPORT OF ANY DISPUTE WITH THE INDIVIDUAL OR ENTITY.~~

~~6. A REPORT OF ANY VIRTUAL CURRENCY BUSINESS ACTIVITY TRANSACTION WITH OR ON BEHALF OF AN INDIVIDUAL OR ENTITY THAT THE LICENSEE WAS UNABLE TO COMPLETE.~~

~~7. THE NAME AND CONTACT INFORMATION OF THE CASH SERVICING OR ARMOR CAR COMPANY THE LICENSEE USES TO SERVICE CRYPTOCURRENCY KIOSKS.~~

~~F. THE ATTORNEY GENERAL SHALL ENFORCE THIS SECTION. ANY ACT OR PRACTICE THAT VIOLATES THIS SECTION IS A VIOLATION OF THIS CHAPTER AND SECTION 44-1522.~~]

[~~G.~~] [A.] A CRYPTOCURRENCY KIOSK OPERATOR SHALL DISCLOSE IN A CLEAR, CONSPICUOUS AND EASILY READABLE AND UNDERSTANDABLE MANNER IN THE CHOSEN LANGUAGE OF THE CUSTOMER ALL RELEVANT TERMS AND CONDITIONS THAT ARE GENERALLY ASSOCIATED WITH THE PRODUCTS, SERVICES AND ACTIVITIES OF THE CRYPTOCURRENCY KIOSK OPERATOR AND VIRTUAL CURRENCY. THE CRYPTOCURRENCY KIOSK OPERATOR SHALL RECEIVE AN ACKNOWLEDGMENT OF RECEIPT OF ALL DISCLOSURES REQUIRED UNDER THIS SECTION FROM A CUSTOMER THROUGH CONFIRMATION OR CONSENT.

[~~H.~~] [B.] A CRYPTOCURRENCY KIOSK OPERATOR SHALL PROVIDE THE FOLLOWING DISCLOSURES SEPARATELY IN A FONT THAT CONTRASTS WITH THE BACKGROUND WHERE THE WRITTEN WARNING APPEARS AND THE CUSTOMER MUST ACCEPT [THE TWO SEPARATE] THE DISCLOSURES BEFORE EXECUTING A CRYPTOCURRENCY TRANSACTION.

1. WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM A STRANGER WHO IS INITIATING A DISHONEST SCHEME OR A CRIMINAL OR FRAUDULENT ACTIVITY THAT MAY APPEAR IN MANY FORMS, INCLUDING ANY OF THE FOLLOWING:

(a) CLAIMS OF A FROZEN BANK ACCOUNT OR CREDIT CARD.

(b) CLAIMS OF A FRAUDULENT BANK TRANSACTION.

(c) CLAIMS OF IDENTITY THEFT OR AN OFFER OF EMPLOYMENT IN EXCHANGE FOR PAYMENT.

(d) REQUESTS FOR A PAYMENT TO A GOVERNMENT AGENCY OR COMPANY.

(e) REQUESTS FOR DISASTER RELIEF DONATIONS OR LOANS.

(f) OFFERS TO PURCHASE LOTTERY TICKETS OR SWEEPSTAKES OR DRAWINGS FOR VEHICLES.

(g) PROMPTS TO CLICK ON DESKTOP POP-UPS THAT INCLUDE VIRUS WARNINGS OR COMMUNICATION FROM ALLEGED FAMILIAR MERCHANTS.

(h) COMMUNICATION FROM SOMEONE IMPERSONATING A REPRESENTATIVE OF YOUR BANK OR A LAW ENFORCEMENT OFFICER.

IF YOU BELIEVE YOU HAVE BEEN SCAMMED, STOP AND CALL YOUR LOCAL LAW ENFORCEMENT AND THE CRYPTOCURRENCY KIOSK OPERATOR.

2. WARNING: LOSSES DUE TO FRAUDULENT OR ACCIDENTAL TRANSACTIONS ARE NOT RECOVERABLE. TRANSACTIONS IN VIRTUAL CURRENCY ARE IRREVERSIBLE. PEOPLE MAY USE VIRTUAL CURRENCY TRANSACTIONS TO STEAL YOUR MONEY BY IMPERSONATING THE GOVERNMENT, ORGANIZATIONS OR PEOPLE YOU KNOW. IMPERSONATORS MAY THREATEN JAIL TIME, SAY YOUR IDENTITY HAS BEEN STOLEN, ALLEGE YOUR COMPUTER HAS BEEN HACKED, INSIST YOU WITHDRAW MONEY FROM YOUR BANK ACCOUNT TO PURCHASE VIRTUAL CURRENCY OR USE A NUMBER OF OTHER SCAMS. DO NOT DISCLOSE YOUR PRIVATE KEY THAT IS ASSOCIATED WITH YOUR VIRTUAL WALLET TO A THIRD PARTY. IF YOU BELIEVE YOU ARE BEING SCAMMED, STOP AND CALL YOUR LOCAL LAW ENFORCEMENT AND THE CRYPTOCURRENCY KIOSK OPERATOR.

[~~I. A CRYPTOCURRENCY KIOSK TRANSACTION IS ALLOWED IF THE FOLLOWING INFORMATION IS DISCLOSED TO A CONSUMER:~~

~~1. A WARNING THAT ONCE A CRYPTOCURRENCY KIOSK TRANSACTION IS COMPLETED, THE CRYPTOCURRENCY KIOSK TRANSACTION MAY NOT BE REVERSED.~~

~~2. A CRYPTOCURRENCY KIOSK OPERATOR'S LIABILITY FOR UNAUTHORIZED VIRTUAL CURRENCY TRANSACTIONS.~~

~~3. A CRYPTOCURRENCY KIOSK CUSTOMER'S LIABILITY FOR UNAUTHORIZED CURRENCY TRANSACTIONS.~~

~~4. A WARNING THAT VIRTUAL CURRENCY IS NOT GOVERNMENT-ISSUED TENDER, IS NOT BACKED BY THE GOVERNMENT AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE NATIONAL CREDIT UNION ADMINISTRATION OR THE SECURITIES INVESTOR PROTECTOR CORPORATION.~~

~~5. A WARNING THAT SOME VIRTUAL CURRENCY TRANSACTIONS ARE DEEMED TO BE MADE WHEN RECORDED ON A PUBLIC LEDGER, WHICH MAY NOT BE THE DATE OR TIME WHEN THE INDIVIDUAL INITIATES THE CRYPTOCURRENCY KIOSK TRANSACTION.~~

~~6. A WARNING THAT THE VIRTUAL CURRENCY'S VALUE MAY BE DERIVED FROM MARKET PARTICIPANTS' WILLINGNESS TO EXCHANGE GOVERNMENT-BACKED CURRENCY FOR VIRTUAL CURRENCY, WHICH MAY RESULT IN A PERMANENT AND TOTAL LOSS OF A PARTICULAR VIRTUAL CURRENCY'S VALUE IF THE MARKET FOR THAT VIRTUAL CURRENCY DISAPPEARS.~~

~~7. A WARNING THAT AN INDIVIDUAL OR ENTITY THAT ACCEPTS VIRTUAL CURRENCY AS PAYMENT TODAY IS NOT REQUIRED TO ACCEPT AND MAY NOT ACCEPT VIRTUAL CURRENCY IN THE FUTURE.~~

~~8. THE VOLATILITY AND UNPREDICTABILITY OF THE PRICE OF VIRTUAL CURRENCY RELATIVE TO FIAT CURRENCY THAT MAY RESULT IN A SIGNIFICANT LOSS OVER A SHORT PERIOD OF TIME.~~

~~9. THE NATURE OF VIRTUAL CURRENCY MEANS THAT ANY TECHNOLOGICAL DIFFICULTIES EXPERIENCED BY CRYPTOCURRENCY KIOSK OPERATORS MAY PREVENT ACCESS TO, USE OF OR TOTAL LOSS OF AN INDIVIDUAL'S VIRTUAL CURRENCY.~~

~~10. ANY BOND MAINTAINED BY THE CRYPTOCURRENCY KIOSK OPERATOR FOR THE BENEFIT OF AN INDIVIDUAL MAY NOT COVER ALL LOSSES AN INDIVIDUAL INCURS.~~

~~11. THE AMOUNT OF THE TRANSACTION DENOMINATED IN UNITED STATES DOLLARS AS WELL AS THE APPLICABLE VIRTUAL CURRENCY.~~

~~12. ANY FEES OR EXPENSES CHARGED BY THE CRYPTOCURRENCY KIOSK OPERATOR.~~

~~13. ANY APPLICABLE EXCHANGE RATES.~~

~~14. A VIRTUAL CURRENCY TRANSACTION LIMIT OF NOT MORE THAN $1,000 PER DAY.~~

~~15. NOTICE OF A CHANGE IN THE CRYPTOCURRENCY KIOSK OPERATOR'S RULES OR POLICIES.~~

~~16. THE ACCURATE NAME, ADDRESS AND TELEPHONE NUMBER OF THE OWNER OF THE CRYPTOCURRENCY KIOSK AND THE DAYS, TIMES AND MEANS BY WHICH A CONSUMER CAN CONTACT THE OWNER FOR CONSUMER ASSISTANCE, WHICH MUST BE DISPLAYED AT THE LOCATION OR ON THE FIRST SCREEN OF A CRYPTOCURRENCY KIOSK, AND CONTACT INFORMATION FOR A STATE AND LOCAL LAW ENFORCEMENT OR GOVERNMENTAL AGENCY THAT RECEIVES FRAUD REPORTS.~~

~~17. A LIST OF SPECIFIC CIRCUMSTANCES IN WHICH A CRYPTOCURRENCY KIOSK OPERATOR MAY DISCLOSE AN INDIVIDUAL'S ACCOUNT INFORMATION TO THIRD PARTIES WITHOUT A COURT ORDER OR GOVERNMENT ORDER.]~~

[~~J.~~] [C.] ON THE COMPLETION OF EACH CRYPTOCURRENCY KIOSK TRANSACTION, THE CRYPTOCURRENCY KIOSK OPERATOR SHALL PROVIDE AN INDIVIDUAL [WHO MADE THE TRANSACTION AT THE CRYPTOCURRENCY KIOSK] WITH A PHYSICAL [OR DIGITAL] RECEIPT IN THE LANGUAGE CHOSEN BY THE INDIVIDUAL THAT CONTAINS ALL OF THE FOLLOWING INFORMATION:

1. THE CRYPTOCURRENCY KIOSK OPERATOR'S NAME AND CONTACT INFORMATION, INCLUDING A TELEPHONE NUMBER TO ANSWER QUESTIONS AND REGISTER COMPLAINTS.

2. THE STATE AND LOCAL LAW ENFORCEMENT OR GOVERNMENT AGENCY THAT RECEIVES COMPLAINTS OF FRAUD.

3. THE TYPE, VALUE, DATE AND PRECISE TIME OF A TRANSACTION, THE TRANSACTION HASH AND EACH APPLICABLE VIRTUAL CURRENCY ADDRESS.

4. THE NAME AND CONTACT INFORMATION OF THE SENDER.

5. THE NAME, CONTACT INFORMATION AND VIRTUAL WALLET NUMBER OF THE DESIGNATED RECIPIENT.

6. DAI FEES CHARGED. FOR THE PURPOSES OF THIS PARAGRAPH, "DAI" MEANS A DECENTRALIZED STABLECOIN TOKEN THAT IS DESIGNED TO MAINTAIN A VALUE OF THE UNITED STATES DOLLAR.

7. THE EXCHANGE RATE OF THE VIRTUAL CURRENCY TO THE UNITED STATES DOLLAR.

8. A STATEMENT OF THE CRYPTOCURRENCY KIOSK OPERATOR'S REFUND POLICY.

9. ANY ADDITIONAL INFORMATION THAT A GOVERNMENT AUTHORITY MAY REQUIRE.

[~~K. A CRYPTOCURRENCY KIOSK OPERATOR SHALL USE BLOCKCHAIN ANALYTICS AND TRACING SOFTWARE TO HELP PREVENT FRAUD BY SENDING PURCHASED VIRTUAL CURRENCY FROM A CRYPTOCURRENCY KIOSK OPERATOR TO A VIRTUAL WALLET KNOWN TO BE AFFILIATED WITH FRAUD AT THE TIME OF A TRANSACTION. A RELEVANT GOVERNMENT AUTHORITY MAY REQUEST EVIDENCE FROM ANY CRYPTOCURRENCY KIOSK OPERATOR OF CURRENT USE OF BLOCKCHAIN ANALYTICS.~~]

[~~1.~~] [D.] ALL CRYPTOCURRENCY KIOSK OPERATORS SHALL TAKE REASONABLE STEPS TO DETECT AND PREVENT FRAUD, INCLUDING ESTABLISHING AND MAINTAINING A WRITTEN ANTI-FRAUD POLICY AND CONFORMING TO FEDERAL KNOW YOUR CONSUMER AND ANTI-MONEY LAUNDERING LAWS. [~~THE ANTI-FRAUD POLICY SHALL, AT A MINIMUM, INCLUDE:~~

~~(a) THE IDENTIFICATION AND ASSESSMENT OF FRAUD RELATED TO RISK AREAS.~~

~~(b) THE PROCEDURES AND CONTROLS TO PROTECT AGAINST IDENTIFIED RISKS.~~

~~(c) THE ALLOCATION OF RESPONSIBILITY FOR MONITORING RISKS.~~

~~(d) THE PROCEDURES FOR THE PERIODIC EVALUATION AND REVISION OF THE ANTI-FRAUD PROCEDURES, CONTROLS AND MONITORING MECHANISMS.~~

~~2. A CRYPTOCURRENCY KIOSK OPERATOR SHALL DESIGNATE AND EMPLOY A COMPLIANCE OFFICER WITH ALL OF THE FOLLOWING REQUIREMENTS:~~

~~(a) THE ABILITY TO COORDINATE AND MONITOR COMPLIANCE WITH THIS SECTION AND OTHER APPLICABLE FEDERAL AND STATE LAWS, RULES AND REGULATIONS.~~

~~(b) FULL-TIME EMPLOYMENT BY THE CRYPTOCURRENCY KIOSK OPERATOR.~~

~~(c) MAY NOT OWN MORE THAN TWENTY PERCENT OF THE CRYPTOCURRENCY KIOSK OPERATOR.~~]

[~~t.~~] [E.] A CRYPTOCURRENCY KIOSK OPERATOR MAY NOT ACCEPT TRANSACTIONS OF MORE THAN [~~$1,000~~] [$2,000] UNITED STATES DOLLARS IN CASH OR THE EQUIVALENT IN VIRTUAL CURRENCY IN ONE DAY FROM A CUSTOMER IN THIS STATE THROUGH ONE OR MORE CRYPTOCURRENCY KIOSKS.

[~~M.~~] [F.] ALL CRYPTOCURRENCY KIOSK OPERATORS PERFORMING BUSINESS IN THIS STATE SHALL PROVIDE LIVE CUSTOMER SERVICE AT A MINIMUM OF TWENTY-FOUR HOURS A DAY, SEVEN DAYS PER WEEK. THE CUSTOMER SERVICE TOLL-FREE NUMBER SHALL BE PROMINENTLY DISPLAYED ON THE CRYPTOCURRENCY KIOSK OR THE CRYPTOCURRENCY KIOSK SCREENS.

[G. THE ATTORNEY GENERAL SHALL ENFORCE THIS SECTION. ANY ACT OR PRACTICE THAT VIOLATES THIS SECTION IS A VIOLATION OF SECTION 44-1522.]

[~~N.~~] [H.] FOR THE PURPOSES OF THIS SECTION:

[~~1. "BLOCKCHAIN ANALYTICS" MEANS THE ANALYSIS OF DATA FROM BLOCKCHAINS OR PUBLIC DISTRIBUTED LEDGERS, INCLUDING ASSOCIATED TRANSACTION INFORMATION.~~

~~2. "BLOCKCHAIN ANALYTICS AND TRACING SOFTWARE" MEANS A SOFTWARE SERVICE THAT USES BLOCKCHAIN ANALYTICS DATA TO PROVIDE RISK-SPECIFIC~~

~~INFORMATION AND TRACING OF VIRTUAL CURRENCY WALLET ADDRESSES, AMONG OTHER VIRTUAL ITEMS.~~]

[~~3.~~] [1.] "CRYPTOCURRENCY KIOSK":

(a) MEANS A PHYSICAL, ELECTRONIC TERMINAL THAT IS A MECHANICAL AGENT OF THE CRYPTOCURRENCY KIOSK OPERATOR AND THAT ENABLES A CRYPTOCURRENCY KIOSK OPERATOR TO FACILITATE THE PURCHASE, SALE OR EXCHANGE OF CRYPTOCURRENCY FOR MONEY, BANK CREDIT OR OTHER VIRTUAL CURRENCY.

(b) INCLUDES A VIRTUAL CURRENCY EXCHANGE, WHICH PERFORMS THE ACTUAL VIRTUAL CURRENCY TRANSMISSION OR DRAWING ON THE VIRTUAL CURRENCY THAT IS IN THE POSSESSION OF THE ELECTRONIC TERMINAL OPERATOR.

[~~4.~~] [2.] "CRYPTOCURRENCY KIOSK OPERATOR" MEANS AN INDIVIDUAL OR ENTITY:

(a) THAT ENGAGES IN VIRTUAL CURRENCY BUSINESS ACTIVITY THROUGH A MONEY TRANSMISSION KIOSK IN THIS STATE.

(b) THAT OPERATES OR MANAGES A MONEY TRANSMISSION KIOSK WHERE VIRTUAL CURRENCY BUSINESS ACTIVITY IS OFFERED IN THIS STATE.

[~~5.~~] [3.] "CRYPTOCURRENCY KIOSK TRANSACTION" MEANS BOTH:

(a) A TRANSACTION CONDUCTED OR PERFORMED, IN WHOLE OR IN PART, BY ELECTRONIC MEANS THROUGH A CRYPTOCURRENCY KIOSK.

(b) A TRANSACTION MADE AT A CRYPTOCURRENCY KIOSK TO PURCHASE VIRTUAL CURRENCY WITH FIAT CURRENCY OR TO SELL VIRTUAL CURRENCY FOR FIAT CURRENCY.

[~~6.~~] [4.] "TRANSACTION HASH" MEANS A UNIQUE IDENTIFIER MADE UP OF A STRING OF CHARACTERS THAT ACT AS A RECORD OF, AND PROVIDE PROOF THAT, THE TRANSACTION WAS VERIFIED AND ADDED TO THE BLOCKCHAIN.

[~~7.~~] [5.] "VIRTUAL CURRENCY ADDRESS":

(a) MEANS A UNIQUE PUBLIC ALPHANUMERIC IDENTIFIER THAT IS ASSOCIATED WITH A VIRTUAL CURRENCY TYPE AND WALLET AND THAT IDENTIFIES THE LOCATION WHERE VIRTUAL CURRENCY TRANSACTION CAN BE SENT.

(b) IS REFERRED TO AS A PUBLIC KEY.

[~~8.~~] [6.] "VIRTUAL WALLET":

(a) MEANS A SOFTWARE APPLICATION OR OTHER MECHANISM THAT PROVIDES A MEANS TO HOLD, STORE OR TRANSFER VIRTUAL CURRENCY OR NONFUNGIBLE TOKENS.

(b) INCLUDES A PUBLIC KEY, PRIVATE KEY AND A PUBLIC RECEIVING ADDRESS. FOR THE PURPOSES OF THIS SUBDIVISION, A PRIVATE KEY MAY BE USED TO SIGN FOR A TRANSACTION WHEN SENDING CRYPTOCURRENCY FROM A VIRTUAL WALLET.

Enroll and engross to conform
Amend title to conform

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2387

DATE February 18, 2025 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Blackman		✓			
Cavero		✓			
Connolly		✓			
Diaz		✓			
Hendrix		✓			
Villegas		✓			
Wilmeth		✓			
Way, Vice-Chairman					✓
Weninger, Chairman		✓			
		9	0	0	1

Abby Selvey
COMMITTEE SECRETARY

APPROVED:
Jeff Weninger
JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 17

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2873: tourism improvement areas; municipalities; counties
Sponsor: Representative Wilmeth, LD 2
Committee on Commerce

Overview

Enables a governing body to approve the formation of a tourism improvement area.

History

Special taxing districts are usually created to fill a need and to enable the provision of services in an area that might otherwise be limited from receiving those services for various reasons, including size, location, financial limitations or unavailability of other government support. The formation of a special taxing district creates a funding stream to pay for the desired or needed services by placing the responsibility on those who benefit from that service.

Title 48 of the Arizona Revised Statutes currently allows and outlines the process for the formation of various types of special taxing districts including fire districts, irrigation districts, hospital districts, pest abatement districts and power districts. Although the specific process depends on the type of district created, the formation in many cases requires the submission of petitions to the county board of supervisors (county BOS), followed by a public hearing. Sometimes an election may be required to form a district.

Provisions

Tourism Improvement Area

1. Authorizes a governing body, on presentation of a petition, to approve the formation of a tourism improvement area. (Sec. 1)
2. Delineates information that a petition for the formation of the tourism improvement area must include. (Sec. 1)
3. Allows a lodging business owner to appoint an authorized agent to act as the lodging business owner's representative. (Sec. 1)
4. Deems the lodging business owner's representative as the business owner for the purposes of any signature required or other purpose authorized by the lodging business owner. (Sec. 1)
5. Asserts a governing body has no obligation to obtain other information as to the ownership of the lodging business and its determination of ownership is final and conclusive. (Sec. 1)

Tourism Improvement Area Plan

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

ATTACHMENT 18

6. Requires a tourism improvement area plan to be prepared before a required public hearing on the proposed tourism improvement area is held. (Sec. 1)
7. Outlines information that must be included in the tourism improvement area plan. (Sec. 1)
8. Asserts lodging business assessments levied will provide benefits to lodging businesses located within the tourism improvement area that are subject to the assessment. (Sec. 1)
9. Specifies that lodging business assessments may vary by types or classes of lodging businesses as described in the tourism improvement area plan. (Sec. 1)
10. Allows the lodging business assessment to be levied based on:
    a) a fixed amount;
    b) rate per transaction;
    c) fixed rate per transaction per day;
    d) percentage of sales; or
    e) any combination of such methods. (Sec. 1)
11. Outlines stipulations for contesting the validity of a lodging business assessment. (Sec. 1)
12. Requires tourism improvement area activities be designed to promote tourism and lodging to enhance the economic development climate in the improvement area. (Sec. 1)
13. Allows tourism improvement area activities to supplement, but not replace governmental services including the planning, administration and management of activities designed to benefit the tourism improvement area. (Sec. 1)

Tourism Improvement Area Formation

14. Requires a governing body, upon receipt of a valid petition, to adopt a resolution of intention to consider the formation of a tourism improvement area. (Sec. 1)
15. Outlines information which must be included in the resolution of intention, including the date, time and place of a public hearing to consider the petition for formation of a tourism improvement area. (Sec. 1)
16. Provides requirements for noticing the public hearing. (Sec. 1)
17. Instructs the governing body to conduct the public hearing at least 30 days after mailing the notice to all lodging business owners identified in the notice. (Sec. 1)
18. Requires the governing body to consider public testimony regarding a proposed tourism improvement area. (Sec. 1)
19. Allows an assessed lodging business to submit a written objection to the governing body prior to the conclusion of the public hearing (Sec. 1)
20. Stipulates for written objections received from lodging business owners representing 50% or more of the total rooms within the proposed tourism improvement area:
    a) the public hearing must end; and
    b) no further proceedings on the formation of the tourism improvement area may be held for a period of one year after the date of the hearing. (Sec. 1)
21. Allows a governing body to adopt a resolution forming a proposed tourism improvement area provided the governing body determines that the written objections submitted total less than 34% of total rooms within a proposed tourism improvement area. (Sec. 1)

22. Prohibits the governing body of a municipality from forming a proposed tourism improvement area in an unincorporated territory of a county without consent from the county board of supervisors. (Sec. 1)

23. Prohibits a governing body or board of supervisors from forming a tourism improvement area within territorial jurisdiction of another municipality or county without consent of the governing body or board of supervisors of that area. (Sec. 1)

24. Allows for the boundaries of tourism improvement areas to overlap with another tourism improvement area boundary or district created for special assessments. (Sec. 1)

25. Limits the initial term and subsequent renewals of the tourism improvement area to 10 years. (Sec. 1)

26. Requires any lodging business subject to lodging business assessment commencing operations during the term of a tourism improvement area be subject to the lodging business assessment. (Sec. 1)

Tourism Improvement Area Management

27. Requires an owners' association to manage the tourism improvement area and be contracted with the governing body to administer the tourism improvement area activities. (Sec. 1)

28. Requires, for newly formed nonprofit corporations designated as the owner's association, the certificate of incorporation or bylaws provide that the governing board of the owners' association be composed of a majority of the lodging business owners, or their representatives located within the tourism improvement area. (Sec. 1)

29. Allows for a representative of a municipality or county to have a nonvoting, ex officio seat on the governing board.

30. Provides requirements for an existing nonprofit corporation that is designated as the owners' association. (Sec. 1)

31. Asserts a tourism improvement area owners' association authority includes any powers possessed by a nonprofit corporation, including accepting donations and receiving grants. (Sec. 1)

32. Provides reporting requirements for the governing board of the tourism improvement area owners' association. (Sec. 1)

Tourism Improvement Area Plan Amendments

33. Allows a governing body to amend the tourism improvement area plan on written request of the tourism improvement area owners' association. (Sec. 1)

34. Instructs a governing body, for tourism improvement area plan amendments that include a new or increase lodging assessment, to hold a public hearing on the amendment and provide a meeting notice to the owner of each lodging business subject to the lodging business assessment. (Sec. 1)

35. Stipulates the governing body must hold a public hearing on the amendment if the amendment does not include a new or increased assessment. (Sec. 1)

Lodging Business Assessments

36. Requires the owner's association to establish, charge and collect lodging business assessments on the lodging businesses located in the tourism improvement area. (Sec. 1)

37. Limits the assessments to $5 per room sold per night on the lodging business rooms in the tourism improvement area and allows the assessment rate to be tiered based on the annual average daily room rate for the affected lodging business. (Sec. 1)

38. Outlines the process for the lodging business owner in levying the assessments and paying the assessments to the Department of Revenue (DOR). (Sec. 1)

39. Instructs DOR to report the amount of assessments collected to the State Treasurer. (Sec. 1)

40. Instructs the State Treasurer to transmit monthly the amount collected from lodging business assessments within the tourism improvement area to the treasurer or officer exercising the functions of treasurer of the municipality or county where the tourism improvement area is located. (Sec. 1)

41. Instructs the owners' association and the participating governing body to report the amount of the lodging business assessment to DOR and to supply DOR and the State Treasurer any requested information. (Sec. 1)

Tourism Improvement Area Renewal and Dissolution

42. Allows a tourism improvement area to be renewed and engage in different tourism improvement activities than the original tourism improvement area. (Sec. 1)

43. Specifies any remaining monies held by the tourism improvement area be transferred to the renewed tourism improvement area. (Sec. 1)

44. Stipulates a 30-day period each year in which the lodging business owners may request dissolution of the tourism improvement area. (Sec. 1)

45. Outlines the process for tourism improvement area dissolution, including petition submission and holding a public hearing. (Sec. 1)

46. Allows the governing body to adopt a resolution dissolving the tourism improvement area upon the area satisfying all debts of the tourism improvement area. (Sec. 1)

47. Stipulates the governing body may dissolve the tourism improvement area upon finding that there has been misappropriation of monies, malfeasance or a violation of law in connection with the management of the tourism improvement area. (Sec. 1)

48. Requires the resolution dissolving the tourism improvement area to:
    a) state the reason for the dissolution;
    b) state the time and date of the public hearing; and
    c) contain a proposal to dispose of any assets acquired with the monies of the lodging business assessments levied within the tourism improvement area. (Sec. 1)

49. Provides notice and public hearing requirements relating to the dissolution. (Sec. 1)

50. Requires remaining monies of the tourism improvement area to the spent in accordance with the area plan or refunded to the appropriate lodging business owners. (Sec. 1)

51. Stipulates monies must be refunded using the same method and basis that was used to calculate the assessments levied in the fiscal year in which the tourism improvement area is dissolved or expires. (Sec. 1)

Miscellaneous

52. Prohibits the governing body from eliminating or reducing the funding level of any services customarily provided in the tourism improvement area boundaries. (Sec. 1)

53. Stipulates the governing body, unless a reduction in service is part of a municipality-wide or county-wide pro rata reduction in services necessitated by fiscal considerations or budgetary constraints, must continue to provide the customary funding and services levels of each service within the tourism improvement area. (Sec. 1)

54. Defines pertinent terms. (Sec. 1)

55. Contain a legislative findings clause. (Sec. 2)

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2873
(Reference to printed bill)

Amendment instruction key:
[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.
[Green underlining in brackets] indicates text added to new session law or text restoring existing law.
[~~GREEN STRIKEOUT IN BRACKETS~~] indicates new text removed from statute or previously enacted session law.
[~~Green strikeout in brackets~~] indicates text removed from existing statute, previously enacted session law or new session law.
<<Green carets>> indicate a section added to the bill.
<<~~Green strikeout in carets~~>> indicates a section removed from the bill.

The bill as proposed to be amended is reprinted as follows:

Section 1. Title 48, Arizona Revised Statutes, is amended by adding chapter 38, to read:

CHAPTER 38

TOURISM IMPROVEMENT AREA

ARTICLE 1. GENERAL PROVISIONS

48-6501. Definitions

IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "BOARD" MEANS THE BOARD OF SUPERVISORS OF THE COUNTY.

2. ["DESTINATION MARKETING ORGANIZATION" MEANS A NOT-FOR-PROFIT ORGANIZATION OR GOVERNMENTAL UNIT THAT IS DESIGNATED BY THE GOVERNING BODY AS BEING RESPONSIBLE FOR THE TOURISM PROMOTION AND MARKETING OF THE MUNICIPALITY OR COUNTY.

3.] "GOVERNING BODY" MEANS THE GOVERNING BODY OR BOARD THAT BY LAW IS CONSTITUTED AS THE LEGISLATIVE DEPARTMENT OF THE MUNICIPALITY OR COUNTY.

[~~3.~~] [4.] "LODGING BUSINESS" MEANS ANY BUSINESS PROVIDING TRANSIENT LODGING.

[~~4.~~] [5.] "LODGING BUSINESS ASSESSMENT" MEANS A LEVY ON NIGHTLY ROOM RENTALS.

[~~5.~~] [6.] "LODGING BUSINESS OWNER" MEANS A PERSON RECOGNIZED AS THE OWNER OF A LODGING BUSINESS THAT IS SUBJECT TO A LODGING BUSINESS ASSESSMENT.

[~~6.~~] [7.] "MUNICIPALITY" MEANS A CITY OR TOWN.

[~~7.~~] [8.] "OWNERS' [~~ASSOCIATION~~] [BOARD]" MEANS [~~AN INCORPORATED NONPROFIT OR GOVERNMENT UNIT THAT SERVES AS THE LOCAL DESTINATION MARKETING ORGANIZATION~~] [THE DESIGNATED INDIVIDUALS THAT GOVERN THE ACTIVITIES OF THE TOURISM IMPROVEMENT AREA. THE OWNERS' BOARD MAY BE THE

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

ATTACHMENT 19

3. THE PLANNED TOURISM IMPROVEMENT AREA ACTIVITIES OF THE PROPOSED TOURISM IMPROVEMENT AREA AND AN ESTIMATE OF THE [ANNUAL] COST OF THE PLANNED TOURISM IMPROVEMENT AREA ACTIVITIES.

4. A DEFINITION DESCRIBING THE TYPE OR CLASS OF LODGING BUSINESSES TO BE INCLUDED IN THE PROPOSED TOURISM IMPROVEMENT AREA AND THE LODGING BUSINESSES THAT WILL BE SUBJECT TO THE PROPOSED TOURISM IMPROVEMENT AREA LODGING BUSINESS ASSESSMENT. THE DEFINITION MAY INCLUDE THE SIZE OF THE LODGING PROPERTY OR NUMBER OF ROOMS AT THE LODGING PROPERTY.

5. THE PROPOSED SOURCE [~~OR SOURCES~~] OF FINANCING, INCLUDING THE PROPOSED METHOD AND BASIS OF LEVYING THE LODGING BUSINESS ASSESSMENT IN SUFFICIENT DETAIL TO ALLOW EACH LODGING BUSINESS OWNER TO ESTIMATE THE AMOUNT OF THE LODGING BUSINESS ASSESSMENT TO BE LEVIED AGAINST THE LODGING BUSINESS.

6. THE ESTIMATED TOTAL PROPOSED TOURISM IMPROVEMENT AREA LODGING BUSINESS ASSESSMENTS TO BE EXPENDED FOR TOURISM IMPROVEMENT AREA ACTIVITIES DURING THE FIRST YEAR OF OPERATION OF THE PROPOSED TOURISM IMPROVEMENT AREA AND THE FORMULA USED TO DETERMINE EACH OWNER'S LODGING BUSINESS ASSESSMENT, WHICH SHALL BE BASED ON BENEFIT.

7. THE TIME AND MANNER OF COLLECTING THE LODGING BUSINESS ASSESSMENTS AND ANY INTEREST OR PENALTIES THAT MAY BE ASSESSED FOR NONPAYMENT.

8. THE TERM OF THE PROPOSED TOURISM IMPROVEMENT AREA.

[~~9. THE NAME OF THE PROPOSED OWNERS' ASSOCIATION.~~

]B. LODGING BUSINESS ASSESSMENTS LEVIED FOR THE PURPOSE OF CONDUCTING TOURISM IMPROVEMENT AREA ACTIVITIES WILL PROVIDE BENEFITS TO LODGING BUSINESSES [AND ASSOCIATED INDUSTRIES] LOCATED WITHIN THE TOURISM IMPROVEMENT AREA THAT ARE SUBJECT TO THE LODGING BUSINESS ASSESSMENT. LODGING BUSINESS ASSESSMENTS MAY VARY BY TYPES OR CLASSES OF LODGING BUSINESSES AS DESCRIBED IN THE TOURISM IMPROVEMENT AREA PLAN, INCLUDING THE SIZE OF THE LODGING PROPERTY OR NUMBER OF ROOMS AT THE LODGING PROPERTY. A LODGING BUSINESS ASSESSMENT MAY BE LEVIED BASED ON ANY OF THE FOLLOWING:

1. A FIXED AMOUNT.

2. RATE PER TRANSACTION.

3. FIXED RATE PER TRANSACTION PER DAY.

4. PERCENTAGE OF SALES.

5. ANY COMBINATION OF THE METHODS LISTED IN THIS SUBSECTION OR ANY OTHER METHOD THAT CONFERS BENEFIT TO THE PAYOR.

C. THE VALIDITY OF A LODGING BUSINESS ASSESSMENT LEVIED BY A FORMED TOURISM IMPROVEMENT AREA MAY NOT BE CONTESTED IN AN ACTION OR PROCEEDING UNLESS THE ACTION OR PROCEEDING IS COMMENCED WITHIN THIRTY DAYS AFTER THE RESOLUTION LEVYING THE LODGING BUSINESS ASSESSMENT IS ADOPTED. AN APPEAL FROM A FINAL JUDGMENT IN AN ACTION OR PROCEEDING CONTESTING THE VALIDITY OF A LODGING BUSINESS ASSESSMENT SHALL BE PERFECTED WITHIN THIRTY DAYS AFTER THE ENTRY OF JUDGMENT.

D. TOURISM IMPROVEMENT AREA ACTIVITIES SHALL BE DESIGNED TO PROMOTE TOURISM AND LODGING TO ENHANCE THE ECONOMIC DEVELOPMENT CLIMATE IN THE

[~~F.~~] [E.] THE GOVERNING BODY OF A MUNICIPALITY MAY NOT FORM A PROPOSED TOURISM IMPROVEMENT AREA WITHIN THE UNINCORPORATED TERRITORY OF A COUNTY WITHOUT THE CONSENT OF THE BOARD OF SUPERVISORS OF THAT COUNTY. THE GOVERNING BODY OF A MUNICIPALITY MAY NOT FORM A PROPOSED TOURISM IMPROVEMENT AREA WITHIN THE TERRITORIAL JURISDICTION OF ANOTHER MUNICIPALITY WITHOUT THE CONSENT OF THE GOVERNING BODY OF THE OTHER MUNICIPALITY. THE BOARD OF SUPERVISORS MAY NOT FORM A PROPOSED TOURISM IMPROVEMENT AREA WITHIN THE TERRITORIAL JURISDICTION OF ANOTHER COUNTY WITHOUT CONSENT OF THE BOARD OF SUPERVISORS OF THE OTHER COUNTY.

[~~G. THE BOUNDARIES OF A PROPOSED TOURISM IMPROVEMENT AREA MAY OVERLAP WITH THE BOUNDARIES OF ANOTHER TOURISM IMPROVEMENT AREA OR ANY OTHER IMPROVEMENT AREA OR DISTRICT CREATED FOR SPECIAL ASSESSMENTS.~~]

[~~H.~~] [F.] THE INITIAL TERM OF A FORMED TOURISM IMPROVEMENT AREA MAY NOT EXCEED TEN YEARS AND SUBSEQUENT RENEWALS OF THE TOURISM IMPROVEMENT AREA MAY NOT EXCEED TEN YEARS PER RENEWAL.

[~~I.~~] [G.] ANY LODGING BUSINESS OF THE TYPES OR CLASSES THAT ARE SUBJECT TO THE LODGING BUSINESS ASSESSMENT THAT COMMENCES OPERATIONS DURING THE TOURISM IMPROVEMENT AREA'S TERM SHALL BE SUBJECT TO A TOURISM IMPROVEMENT AREA LODGING BUSINESS ASSESSMENT.

48-6505. Management; annual report

A. EACH TOURISM IMPROVEMENT AREA SHALL BE [~~MANAGED~~] [GOVERNED] BY AN OWNERS' [~~ASSOCIATION~~] [BOARD COMPOSED OF A MAJORITY OF THE LODGING BUSINESS OWNERS LOCATED WITHIN THE TOURISM IMPROVEMENT AREA OR THEIR AUTHORIZED REPRESENTATIVES. A REPRESENTATIVE OF THE MUNICIPALITY OR COUNTY MAY HAVE A NONVOTING, EX OFFICIO SEAT ON THE GOVERNING BOARD].

[B.] THE GOVERNING BODY SHALL CONTRACT WITH [~~THE TOURISM IMPROVEMENT AREA OWNERS' ASSOCIATION~~] [ITS DESTINATION MARKETING ORGANIZATION] TO [~~ADMINISTER~~] [MANAGE AND IMPLEMENT] THE TOURISM IMPROVEMENT AREA ACTIVITIES SPECIFIED IN THE TOURISM IMPROVEMENT AREA PLAN.

[~~B. IF A NEWLY FORMED NONPROFIT CORPORATION IS DESIGNATED AS THE OWNERS' ASSOCIATION, THE CERTIFICATE OF INCORPORATION OR BYLAWS SHALL PROVIDE THAT THE GOVERNING BOARD OF THE OWNERS' ASSOCIATION SHALL BE COMPOSED OF A MAJORITY OF THE LODGING BUSINESS OWNERS LOCATED WITHIN THE TOURISM IMPROVEMENT AREA OR THEIR AUTHORIZED REPRESENTATIVES. A REPRESENTATIVE OF THE MUNICIPALITY OR COUNTY MAY HAVE A NONVOTING, EX OFFICIO SEAT ON THE GOVERNING BOARD.~~

~~C. IF AN EXISTING NONPROFIT CORPORATION IS DESIGNATED AS THE OWNERS' ASSOCIATION, UNLESS ITS GOVERNING BOARD ALREADY INCLUDES A MAJORITY OF LODGING BUSINESS OWNERS LOCATED IN THE TOURISM IMPROVEMENT AREA OR THEIR AUTHORIZED REPRESENTATIVES, THE NONPROFIT SHALL EITHER:~~

~~1. CREATE A COMMITTEE COMPOSED OF A MAJORITY OF LODGING BUSINESS OWNERS LOCATED WITHIN THE TOURISM IMPROVEMENT AREA OR THEIR AUTHORIZED REPRESENTATIVES WHO ARE CHARGED WITH MANAGING THE MONIES RAISED BY THE TOURISM IMPROVEMENT AREA AND FULFILLING THE OBLIGATIONS OF THE TOURISM IMPROVEMENT AREA PLAN. A REPRESENTATIVE OF THE MUNICIPALITY OR COUNTY MAY HAVE A NONVOTING, EX OFFICIO SEAT ON THE COMMITTEE.~~

A. THE [~~OWNER'S ASSOCIATION~~] [DESTINATION MARKETING ORGANIZATION MANAGING THE TOURISM IMPROVEMENT AREA] SHALL ESTABLISH, CHARGE AND COLLECT LODGING BUSINESS ASSESSMENTS ON THE LODGING BUSINESSES LOCATED WITHIN THE TOURISM IMPROVEMENT AREA. THE [~~OWNERS' ASSOCIATION~~] [DESTINATION MARKETING ORGANIZATION MANAGING THE TOURISM IMPROVEMENT AREA] MAY LEVY A LODGING BUSINESS ASSESSMENT OF NOT MORE THAN $5 [OR FIVE PERCENT] PER ROOM SOLD PER NIGHT ON THE LODGING BUSINESS ROOMS IN THE TOURISM IMPROVEMENT AREA. THE LODGING BUSINESS ASSESSMENT RATE OR RATES MAY BE TIERED BASED ON THE ANNUAL AVERAGE DAILY ROOM RATE FOR THE AFFECTED LODGING BUSINESS.

B. THE LODGING BUSINESS OWNER OR AUTHORIZED REPRESENTATIVE SHALL PAY THE LODGING BUSINESS ASSESSMENT TO THE DEPARTMENT OF REVENUE AT THE SAME TIME AS PAYING THE TRANSACTION PRIVILEGE TAX REQUIRED PURSUANT TO SECTION 42-5014. THE LODGING BUSINESS ASSESSMENT SHALL BE LEVIED BEGINNING ON THE FIRST DAY OF THE FIRST MONTH NINETY DAYS AFTER THE OWNERS' ASSOCIATION IS ESTABLISHED. UNLESS THE CONTEXT OTHERWISE REQUIRES, THE ADMINISTRATION OF THE LODGING BUSINESS ASSESSMENT SHALL BE SUBJECT TO SECTION 42-6102. IF THE LODGING BUSINESS OWNER DOES NOT PAY TRANSACTION PRIVILEGE TAX, THE LODGING BUSINESS ASSESSMENT IS DUE AND PAYABLE TO THE DEPARTMENT OF REVENUE AS REQUIRED BY SECTION 42-5014. THE DEPARTMENT SHALL REPORT TO THE STATE TREASURER THE AMOUNT OF LODGING BUSINESS ASSESSMENTS COLLECTED PURSUANT TO THIS SECTION.

C. THE STATE TREASURER SHALL TRANSMIT TO THE TREASURER OR OFFICER EXERCISING THE FUNCTIONS OF TREASURER OF THE MUNICIPALITY OR COUNTY WHERE THE TOURISM IMPROVEMENT AREA IS LOCATED ON A MONTHLY BASIS THE AMOUNT COLLECTED FROM LODGING BUSINESS ASSESSMENTS WITHIN THE TOURISM IMPROVEMENT AREA.

D. THE [~~OWNERS' ASSOCIATION~~] [DESTINATION MARKETING ORGANIZATION MANAGING THE TOURISM IMPROVEMENT AREA] AND THE GOVERNING BODY THAT IS PARTICIPATING IN THE TOURISM IMPROVEMENT AREA SHALL REPORT TO THE DEPARTMENT OF REVENUE THE AMOUNT OF THE LODGING BUSINESS ASSESSMENT AND SUPPLY THE DEPARTMENT OF REVENUE AND THE STATE TREASURER WITH ALL REQUESTED INFORMATION NECESSARY TO ADMINISTER THIS SECTION.

48-6508. Renewal; dissolution; remaining revenue

A. AN ESTABLISHED TOURISM IMPROVEMENT AREA MAY BE RENEWED FOR A NEW TERM. A RENEWED TOURISM IMPROVEMENT AREA MAY ENGAGE IN DIFFERENT TOURISM IMPROVEMENT ACTIVITIES THAN THE ORIGINAL TOURISM IMPROVEMENT AREA. ON RENEWAL OF A TOURISM IMPROVEMENT AREA, ANY REMAINING MONIES HELD BY THE TOURISM IMPROVEMENT AREA SHALL BE TRANSFERRED TO THE RENEWED TOURISM IMPROVEMENT AREA.

B. DURING THE TERM OF THE TOURISM IMPROVEMENT AREA, THERE SHALL BE A THIRTY-DAY PERIOD EACH YEAR IN WHICH LODGING BUSINESS OWNERS WHO HAVE PAID LODGING BUSINESS ASSESSMENTS MAY REQUEST DISSOLUTION OF THE TOURISM IMPROVEMENT AREA. THE INITIAL THIRTY-DAY PERIOD SHALL BEGIN ONE YEAR AFTER THE DATE OF ESTABLISHMENT OF THE TOURISM IMPROVEMENT AREA. ON RECEIPT OF A PETITION SUBMITTED BY THE LODGING BUSINESS OWNERS THAT REPRESENT FIFTY PERCENT OR MORE OF THE TOTAL ROOMS WITHIN THE TOURISM IMPROVEMENT AREA, THE GOVERNING BODY SHALL PASS A RESOLUTION OF INTENTION

1. Many tourism and lodging businesses located and operating in municipal and county communities in this state struggle to compete with destinations in other states in attracting overnight visitation due to inadequate services and activities.

2. Tourism improvement areas will help municipalities within this state to grow leisure, convention and event visitor demand by promoting tourism, business activities, economic growth and employment within this state.

3. Because additional services and activities will provide direct benefits to the lodging businesses within a tourism improvement area, the most equitable method of financing tourism improvement area activities is to levy a lodging business assessment on lodging businesses that will benefit from a tourism improvement area.

4. Tourism and lodging demand generated by a tourism improvement area will increase revenue for this state.

5. Tourism lodging business owners should be encouraged to create a tourism improvement area to enhance the local tourism business climate.

6. Tourism improvement area activities are intended to supplement and not replace existing governmental activities and services.

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Amend title to conform

JEFF WENINGER

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2873

DATE February 18, 2025 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Blackman		✓			
Cavero		✓			
Connolly		✓			
Diaz		✓			
Hendrix					✓
Villegas		✓			
Wilmeth		✓			
Way, Vice-Chairman					✓
Weninger, Chairman		✓			
		8	0	0	2

Abby Selvey
COMMITTEE SECRETARY

APPROVED:
JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 20

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2741: liquor sampling; reporting; requirements.
Sponsor: Representative Lopez, LD 16
Committee on Commerce

Overview

Allows a beer and wine store or liquor store to use any reasonable means for maintaining records and reports.

History

The Department of Liquor Licenses and Control (DLLC) regulates the manufacture, distribution and sale of liquor in Arizona through the issuance of a series of licenses and investigating licensee compliance with liquor laws. Certain liquor licenses have on-sale retail privileges allowing a customer to purchase and consume liquor on the licensed premises.

A liquor store licensee or a beer and wine store licensee may apply for sampling privileges associated with the license. A license with sampling privileges allows the licensee to provide spirituous liquor sampling subject to the following requirements:

1. any open product must be kept locked by the licensee when the sampling area is not staffed;
2. the licensee is otherwise subject to all other statutory requirements and is liable for any violation committed in connection with the sampling;
3. the licensed retailer must make sales of sampled products from the licensed retail premises;
4. the licensee is prohibited from charging any customer for the sampling of any products, except that the licensee may charge a fee for bona fide educational classes conducted in a classroom by an instructor on the licensed premises where the sampling of any spirituous liquor product is incidental to the course taught and to the course materials presented;
5. the sampling must be conducted under the supervision of an employee of a sponsoring distiller, vintner, brewer, wholesaler or retail licensee;
6. accurate records of sampling products dispensed must be retained by the licensee;
7. sampling must be limited to three ounces of beer or cooler-type products, one and one-half ounces of wine and one ounce of distilled spirits per person, per brand, per day; and
8. the sampling must be conducted only on the licensed premises (A.R.S. § 4-206.01).

Provisions

1. Prohibits DLLC from requiring a beer and wine store or liquor store licensee who have sampling privileges to use a singular, department-maintained system for maintaining required records and reports. (Sec. 1)
2. Requires a beer and wine store or liquor store to report scheduled samplings to DLLC once every two weeks. (Sec. 1)

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

ATTACHMENT 21

3. Allows a beer and wine store or liquor store to use any reasonable means:
   a) for maintaining the required records and reports; and
   b) to report scheduled samplings. (Sec. 1)
4. Deletes archaic language. (Sec. 1)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2741

DATE February 18, 2025 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Blackman		✓			
Cavero		✓			
Connolly		✓			
Diaz		✓			
Hendrix					✓
Villegas		✓			
Wilmeth		✓			
Way, Vice-Chairman					✓
Weninger, Chairman		✓			
		8	0	0	2

Abby Salvey
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 22

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2905: craft producer; festival; fair; license
Sponsor: Representative Weninger, LD 13
Committee on Commerce

Overview

Creates a craft producer festival license. Repeals the wine, craft distillery and microbrewery festival licenses.

History

The Department of Liquor Licenses and Control (DLLC), which consists of the State Liquor Board and the Office of the Director of DLLC (Director), regulates the manufacture, distribution and sale of liquor in Arizona through the issuance of a series of licenses and investigating licensee compliance with liquor laws.

DLLC may issue a microbrewery license to any microbrewery that meets the statutory requirements. A microbrewery must produce or manufacture at least 5,000 gallons and fewer than 6,200,000 gallons of beer in a calendar year to maintain a microbrewery license. A microbrewery may: 1) sell beer produced or manufactured on the premises for consumption on or off the premises; 2) make sales and deliveries of beer that the microbrewery produces or manufactures to persons licensed to sell beer in Arizona through wholesalers licensed in Arizona or to persons licensed to sell beer in another state, if lawful; and 3) sell beer produced or manufactured by other microbreweries for consumption only on the licensee's premises (A.R.S. § 4-205.08).

DLLC may issue a farm winery license to a person who produces at least 200 gallons and fewer than 40,000 gallons of wine in a calendar year. A licensed farm winery may: 1) make sales and deliveries of wine to wholesalers licensed to sell wine; 2) serve wine produced or manufactured on the premises for the purpose of sampling the wine; 3) sell to a consumer physically present on the premises wine produced or manufactured on the premises in the original container for consumption on or off the premises; and 4) allow a representative of the licensed farm winery may consume small amounts of the products of the licensed farm winery on the premises for the purpose of sampling the wine (A.R.S. § 4-205.04).

DLLC may issue a craft distiller license allowing a person to sale distilled spirits if the person produces or manufactures no more than 20,000 gallons of distilled spirits. A craft distiller may make sales and deliveries of distilled spirits subject to outlined criteria, including: 1) make sales and deliveries of distilled spirits to wholesalers that are licensed to sell distilled spirits; 2) serve distilled spirits that are produced or manufactured on the premises for the purpose of consumption on the premises and may charge for samples on the premises of the craft distiller; and 3) sell distilled spirits that are produced or manufactured on the premises in the original container for consumption off the premises to a consumer who is physically present on the premises (A.R.S. § 4-205.10).

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

ATTACHMENT 23

Provisions

1. Allows the Director to issue, on a temporary basis, a craft producer festival license, authorizing:
   a) sampling of the craft producer products on the craft producer festival premises; and
   b) the sale of craft producer products for consumption on or off the festival premises. (Sec. 3)
2. Provides approval requirements for a craft producer festival license for festivals that occur at an otherwise unlicensed location or at a location that is not fully within the licensee's existing licensed premises. (Sec. 3)
3. Requires denial of a craft producer festival license be forwarded to the Director within 60 days after the submission of a license application unless the applicant has requested more time for consideration of the application. (Sec. 3)
4. Specifies that the approval process for licensure for festivals that occur at an unlicensed location does not apply to physical locations that are fully within a licensed premises. (Sec. 3)
5. Allows a representative of the licensed craft producer to consume small amounts of the products of the producer on the festival premises for the purpose of quality control. (Sec. 3)
6. Authorizes the Director to:
   a) issue one or more craft producer festival licenses for each licensed craft producer, for a total of up to 150 days for each craft producer;
   b) establish a fee for each day of each event for a craft producer festival or fair license; and
   c) issue a craft producer fair license with the permission of state or county fair organizers. (Sec. 3)
7. Permits a craft producer, at any sanctioned state or county fair, to allow:
   a) sampling of craft producer products on the fair premises;
   b) the sale of the products for consumption on or off the fair premises. (Sec. 3)
8. Exempts craft producer licenses from certain licensing requirements. (Sec. 3)
9. Allows the Director to issue a special event license concurrently with a craft producer festival license. (Sec. 1)
10. Reduces, from 5,000 gallons to 1,000 gallons, the minimum required amount of beer that must be annually produced or manufactured for a microbrewery license. (Sec. 4)
11. Exempts craft producer festival or fair licenses from the statutory restrictions on licensing premises that are within 300 feet of a public or private school building, or a fenced recreational area adjacent to the public or private school building. (Sec. 6)
12. Repeals statute relating to farm winery festival license, craft distillery festival license and microbrewery festival license. (Sec. 2, 5)
13. Makes conforming changes. (Sec. 1, 6)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2905

DATE February 18, 2025 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Blackman					✓
Cavero		✓			
Connolly		✓			
Diaz		✓			
Hendrix					✓
Villegas		✓			
Wilmeth		✓			
Way, Vice-Chairman		✓			
Weninger, Chairman		✓			
		8	0	0	2

Abby Silvey
COMMITTEE SECRETARY

APPROVED:
Jeff Weninger
JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 24

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2906: financial technology; digital assets program
Sponsor: Representative Weninger, LD 13
Committee on Commerce

Overview

Renames the Regulatory Sandbox Program (Program) to the Financial Technology, Digital Assets and Blockchain Sandbox Program.

History

The Attorney General (AG) administers and oversees the Program, which enables persons to obtain limited access to Arizona's market to test innovative financial products or services or other innovations without obtaining a license or other authorization. An *innovation* is the use or incorporation of new or emerging technology or the reimagination of uses for existing technology to address a problem, provide a benefit or otherwise offer a product, service, business model or delivery mechanism that is not known by the AG to have a comparable widespread offering in Arizona.

An applicant for the Program must demonstrate to the AG adequate understanding of the innovation and a sufficient plan to test, monitor and assess the innovation while ensuring consumers are protected from a test's failure. Upon application approval, an applicant is deemed a Program participant and given 24 months to test the innovation. Statute outlines testing restrictions, including limiting the number of consumers that may test the innovation.

The Program participant must retain records, documents and data produced in the ordinary course of business. If an innovation fails before the end of the testing period, the participant must notify the AG and report on actions taken to ensure consumers have not been harmed because of the innovation's failure. At least 30 days before the 24-month testing period ends, the participant must notify the AG that the participant will exit the Program and cease offering any innovative products or services within 60 days after the 24-month testing period ends or seek an extension in order to pursue a license or other authorization required by law (Title 41, Chapter 55, A.R.S.).

Provisions

1. Renames the "Regulatory Sandbox Program" to the "Financial Technology, Digital Assets and Blockchain Sandbox Program" (Sec. 4)
2. Defines d*igital asset* and *financial technology, digital assets and blockchain sandbox.* (Sec. 3)
3. Removes the definition for r*egulatory sandbox.* (Sec. 3)
4. Makes conforming changes. (Sec. 1-12)

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

ATTACHMENT 25

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2906

DATE February 18, 2025 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Blackman		✓			
Cavero		✓			
Connolly		✓			
Diaz		✓			
Hendrix					✓
Villegas		✓			
Wilmeth		✓			
Way, Vice-Chairman		✓			
Weninger, Chairman		✓			
		9	0	0	1

Abby Selvey
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 26

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2869: municipal development; independent provider review
Sponsor: Representative Way, LD 15
Committee on Commerce

Overview
Provides a process for municipal approval of an application and issuance for a building permit.

History
Municipalities, in order to conserve and promote the public health, safety and general welfare, may adopt zoning ordinances that: 1) regulate the use of buildings, structures and land between agriculture residence, industry and business; 2) regulate the location, height, bulk, number of stories and size of buildings and structures, the size and use of lots, yards, courts and other open spaces, the percentage of a lot that may be occupied by a building or structure, access to incident solar energy and the intensity of land use; 3) establish requirements for off-street parking and loading; 4) establish and maintain building setback lines; and 5) establish floodplain and age-specific community zoning districts and districts of historical significance (A.R.S. § 9-462.01).

Provisions
1. Allows an applicant to contract with, and provide payment directly to, an independent provider, for whom the applicant has no financial interest in, to review an application or provide a building inspection. (Sec. 1)
2. Prevents the independent provider from providing legal counsel to the applicant. (Sec. 1)
3. Outlines specified information that an applicant must provide to the municipality prior to an independent provider performs a review or inspection. (Sec. 1)
4. Stipulates the municipality must reduce the fee charged for a review or inspection by an amount equal to what the municipality saves by not performing a review or inspection if the applicant retains an independent provider to perform such review or inspection. (Sec. 1)
5. Requires an independent provider to maintain professional liability insurance covering services performed unless the insurance requirement is waived by the municipality. (Sec. 1)
6. Specifies the insurance coverage must have a minimum policy limit of:
   a) $2,000,000 per occurrence and $4,000,000 in the aggregate for projects with construction cost of $5,000,000 or less; and
   b) $4,000,000 per occurrence and $8,000,000 in the aggregate for projects with construction cost of more than $5,000,000. (Sec. 1)

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

ATTACHMENT 27

7. Stipulates a municipality must provide an independent provider or applicant equal access to all relevant documents that would be provided to municipal personnel in completing a review or performing an inspection. (Sec. 1)
8. Requires, for access that is provided by software that protects exempt records, the municipality to provide requested permitting or inspection documents and reports to the independent provider or the applicant on receipt of an electronically submitted request. (Sec. 1)
9. Requires an independent provider in reviewing an application to determine compliance with all applicable municipality requirements. (Sec. 1)
10. Requires an independent provider, on determining application compliance, to submit an affidavit to the municipality certifying application reviewal and conformity with municipality requirements. (Sec. 1)
11. Instructs the municipality to either approve the application or provide a written notice identifying the portions of the application that are not in compliance with applicable municipal codes within five business days after receipt of a reviewed application and required affidavit. (Sec. 1)
12. Deems the application approved and any necessary permits be issued if the municipality neither approves nor provides the required written notice. (Sec. 1)
13. Stipulates, for applicants that resubmit a revised application, the regulatory authority has what remains of the initial five-day review time frame plus one business day to approve the application and issue the requested building permit or provide a second written notice identifying which portions remain in noncompliance. (Sec. 1)
14. Deems the resubmitted application approved and any necessary permits be issued if the municipality neither approves the application nor provides a second required written notice within 5 days after resubmittal. (Sec. 1)
15. Stipulates any decision regarding the issuance of an application by a regulatory authority is appealable to the planning and development board which must adjudicate the dispute. (Sec. 1)
16. Precludes a municipality from adopting or enforcing any laws, rules, policies or standards regarding an independent provider's review of an application or performance of a building inspection that are more restrictive as provided. (Sec. 1)
17. Affirms the municipality's ability to issue a stop-work order for a building project if determined that a condition on the building site constitutes an immediate threat to public safety and health. (Sec. 1)
18. Authorizes an applicate to institute a civil proceeding seeking a determination and issuance of appropriate permits or certificates if the applicant believes the municipality has committed outlined acts. (Sec. 1)
19. Defines *applicant, application and independent provider*. (Sec. 1)
20. Contains a delayed effective date of January 1, 2026. (Sec. 2)
21. Contains a severability clause. (Sec. 3)
22. Cites this act as the " Speeding Development Act." (Sec. 4)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2869

DATE February 18, 2025 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar			✓		
Blackman		✓			
Cavero				✓	
Connolly			✓		
Diaz		✓			
Hendrix		✓			
Villegas			✓		
Wilmeth		✓			
Way, Vice-Chairman		✓			
Weninger, Chairman		✓			
		6	3	1	0

Abby Selvey
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 28

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2328: technical correction; liquor licenses
S/E: fantasy sports contests
Sponsor: Representative Weninger, LD 13
Committee on Commerce

Summary of the Strike Everything Amendment to HB 2328

Overview
Clarifies what constitutes as a fantasy sports contest.

History
Laws 2021, Chapter 234, established laws regulating fantasy sports betting and event wagering, including licensing requirements for fantasy sports contests and event wagering operators.

A person is required to be licensed as a fantasy sports contest operator in order to offer fantasy sports contests in this state. An individual may offer one or more fantasy sports contests if:
1) the fantasy sports contests are not made available to the general public;
2) each of the fantasy sports contests is limited to not more than fifteen total fantasy sports contest players; and
3) the individual collects not more than $10,000 in total entry fees for all fantasy sports contests offered in a calendar year, at least 95% of which are awarded to the fantasy sports contest players.

Fantasy sports contest is a simulated game or contest that is offered to the public with an entry fee and that meets all of the following conditions:
1) No fantasy sports contest team is composed of the entire roster of a real-world sports team.
2) No fantasy sports contest team is composed entirely of individual athletes who are members of the same real-world sports team.
3) Each prize or award or the value of all prizes or awards offered to winning fantasy sports contest players is made known to the fantasy sports contest players in advance of the fantasy sports contest.
4) Each winning outcome reflects the relative knowledge and skill of the fantasy sports contest players and is determined by the aggregated statistical results of the performance of multiple individual athletes or participants selected by the fantasy sports contest player to form the fantasy sports contest team, whose individual performances in the fantasy sports contest directly correspond with the actual performance of those athletes

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

ATTACHMENT 29

or participants in the athletic events in which those individual athletes or participants participated.

5) A winning outcome is not based on randomized or historical events or on the score, point spread or performance in an athletic event of a single real-world sports team, a single athlete or any combination of real-world sports teams (A.R.S. § 5-1201).

Provisions

1. Specifies a fantasy sports contest conducted by an *operator* as defined in the fantasy sports contest statutes does not constitute *event wagering* as defined in the event wagering statutes. (Sec. 2)
2. Stipulates that the applicable conditions required to offer a fantasy sports contests apply as conditions for offering a fantasy sports contests without a license. (Sec. 2)
3. Modifies the definition of *fantasy sports contest.* (Sec. 1)
4. Makes technical changes. (Sec. 2)

Fifty-seventh Legislature
First Regular Session

Commerce
H.B. 2328

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2328

(Reference to printed bill)

Strike everything after the enacting clause and insert:

"Section 1. Section 5-1201, Arizona Revised Statutes, is amended to read:

5-1201. Definitions

In this chapter, unless the context otherwise requires:

1. "Applicant" means any person that has applied for a license as a fantasy sports contest operator or that has been approved for any act related to fantasy sports contests.

2. "Application" means a request to issue a license as a fantasy sports contest operator or to approve any act related to fantasy sports contests.

3. "Athletic event":

(a) Means a real-world professional, collegiate or nationally recognized sports game, contest or competition that involves the physical exertion and skill of the participating individual athletes who are each physically present at the location in which the sports game, contest or competition occurs, and the outcome of the sports game, contest or competition is directly dependent on the performance of the participating athletes.

(b) Includes events involving motor vehicles.

4. "Department" means the department of gaming.

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

ATTACHMENT 30

5. "Entry fee" means cash or A cash equivalent that is paid by a participant to a fantasy sports contest operator to participate in a fantasy sports contest.

6. "Fantasy sports contest" means a simulated game or contest that is offered to the public with an entry fee IN WHICH PARTICIPANTS COMPETE AGAINST EACH OTHER OR A SINGLE PARTICIPANT COMPETES AGAINST A TARGET SCORE SET BY THE OPERATOR and that meets all of the following conditions:

(a) No fantasy sports contest team is composed of the entire roster of a real-world sports team.

(b) No fantasy sports contest team is composed entirely of individual athletes who are members of the same real-world sports team.

(c) Each prize or award or the value of all prizes or awards offered to winning fantasy sports contest players is made known to the fantasy sports contest players in advance of the fantasy sports contest.

(d) Each winning outcome reflects the relative knowledge and skill of the fantasy sports contest players and is determined by the aggregated statistical results of the performance of multiple individual athletes or participants selected by the fantasy sports contest player to form the fantasy sports contest team, whose individual performances in the fantasy sports contest directly correspond with the actual performance of those athletes or participants in the athletic events in which those individual athletes or participants participated.

(e) A winning outcome is not based on randomized or historical events or on the score, point spread or performance in an athletic event of a single real-world sports team, a single athlete or any combination of real-world sports teams.

(f) The fantasy sports contest does not constitute or involve and is not based on any of the following:

(i) Racing that involves animals.

(ii) A game or contest ordinarily offered by a horse track or casino for money, credit or any representative of value, including any races,

games or contests that involve horses or that are played with cards or dice.

(iii) A slot machine or other mechanical, electromechanical or electronic device, equipment or machine.

(iv) Poker, blackjack, faro, monte, keno, bingo, fan-tan, twenty-one, seven and a half, klondike, craps, chuck-a-luck, Chinese chuck-a-luck, wheel of fortune, chemin de fer, baccarat, pai gow, beat the banker, panguingue, roulette or other banking or percentage games.

(v) Any other game or device that is authorized or that is not authorized by this state.

(vi) A high school or youth sporting event or any event that is not an athletic event.

~~(vii) A contest that involves or results in betting on a race, a game, a contest or a sport that constitutes event wagering as defined in section 5-1301.~~

7. "Fantasy sports contest adjusted revenues" means the amount equal to the total of all entry fees that a fantasy sports contest operator collects from all fantasy sports contest players minus the total of all sums paid out as prizes or awards to all fantasy sports contest players, multiplied by the in-state percentage.

8. "Fantasy sports contest operator" or "operator" means a person that is engaged in the business of professionally conducting paid fantasy sports contests for cash or other prizes or awards for members of the general public that requires cash or cash equivalent as an entry fee to be paid by a member of the general public who participates in a paid fantasy sports contest.

9. "Fantasy sports contest platform" means the hardware, software, firmware, communications technology or other equipment, including operator procedures implemented to allow player participation in digital or online fantasy sports contests, and if supported, the corresponding equipment related to the display of the outcomes, and other similar information necessary to facilitate player participation in which a player is provided

with the means to establish a player account and the fantasy sports contest operator is provided with the means to review player accounts, suspend fantasy sports contests, generate various financial transaction and account reports, input outcomes for fantasy sports contests and set any configurable parameters.

10. "Fantasy sports contest player" or "player" means an individual who participates in a fantasy sports contest offered by a fantasy sports contest operator.

11. "Fantasy sports contest team" means the simulated team composed of multiple individual athletes, each of whom is a member of a real-world sports team that a fantasy sports contest player selects to compete in a fantasy sports contest.

12. "Highly experienced player" means a fantasy sports contest player who has done at least one of the following:

(a) Entered more than one thousand fantasy sports contests offered by a single fantasy sports contest operator.

(b) Won more than three prizes or awards valued at $1,000 each or more from a single fantasy sports contest operator.

13. "Holding company" means a corporation, firm, partnership, limited partnership, limited liability company, trust or other form of business organization that is not an individual and that directly or indirectly does either of the following:

(a) Holds an ownership interest of ten percent or more, as determined by the holding company's board, in a fantasy sports contest operator.

(b) Holds voting rights with the power to vote ten percent or more of the outstanding voting rights of a fantasy sports contest operator.

14. "In-state percentage" means, for each fantasy sports contest, the percentage, rounded to the nearest tenth of a percent, equal to the total entry fees collected from all in-state participants divided by the total entry fees collected from all participants in the fantasy sports contest, unless otherwise prescribed by the department.

15. "Key employee" means an employee of a fantasy sports contest operator who has the power to exercise significant influence over decisions concerning the fantasy sports contest operator.

16. "License" means an approval that is issued by the department to any person or entity to be involved in a fantasy sports operation.

17. "Management company" means a person retained by a fantasy sports contest operator to manage a fantasy sports contest platform and provide general administration and other operational services.

18. "Person" means an individual, partnership, corporation, association, limited liability company, federally recognized Indian tribe or other legal entity.

19. "Player account" means an account that is established by a patron for the purpose of participating in fantasy sports contests, including deposits, withdrawals, entry fees and payouts.

20. "Prize or award" means anything of value or any amount of cash or cash equivalents.

21. "Protected information" means information related to playing fantasy sports contests by a fantasy sports contest player that is not readily available to the general public and that is obtained as a result of a person's employment in relation to a fantasy sports contest.

22. "Script" means a list of commands that a fantasy SPORTS contest-related computer program can execute and that is created by a fantasy sports contest player or by a third party for a fantasy sports contest player to automate processes on a fantasy sports contest platform.

Sec. 2. Section 5-1202, Arizona Revised Statutes, is amended to read:

5-1202. Fantasy sports contests; exceptions; rules; licensure

A. Except as otherwise provided in this section, a person may not offer fantasy sports contests in this state unless the person is licensed by the department as a fantasy sports contest operator.

B. An individual may offer one or more fantasy sports contests WITHOUT A LICENSE if all of the following apply:

1. The fantasy sports contests are not made available to the general public.

2. Each of the fantasy sports contests is limited to not more than fifteen total fantasy sports contest players.

3. The individual collects not more than $10,000 in total entry fees for all fantasy sports contests offered in a calendar year, at least ninety-five percent of which are awarded to the fantasy sports contest players.

C. An Indian tribe that lawfully conducts class III gaming pursuant to a tribal-state gaming compact with this state, directly or through a third-party operator, may offer and conduct fantasy sports contests without applying for or holding a license pursuant to this section if all activities of the fantasy sports contest occur within the boundary of its Indian lands and the Indian tribe complies with any regulations that are included in the compact or its appendices regarding fantasy sports contests.

D. To ensure the integrity of fantasy sports contests, the department has jurisdiction over each person involved in conducting a fantasy sports contest. The department may adopt rules related to conducting fantasy sports contests, including rules prescribing penalties for violating this chapter or any rules adopted under this chapter.

E. Every applicant for licensure shall submit a completed application, along with any required information, to the department OF GAMING. The department OF GAMING shall determine the form and content of the application. Each application shall be accompanied by the applicant's current photograph and the fee required by the department OF GAMING. The applicant must also submit a full set of fingerprints to the department OF GAMING for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. The department of public safety may exchange this fingerprint data with the federal bureau of investigation.

F. The information required by the department shall include documentation of all of the following:

1. The name of the applicant.

2. The location of the applicant's principal place of business.

3. The applicant's telephone number.

4. The applicant's social security number or, if applicable, the applicant's federal tax identification number.

5. The name and address of each individual that holds a ten percent or more ownership interest in the applicant or in shares of the applicant.

6. The applicant's criminal record, if any, or if the applicant is a business entity, on request, any criminal record of an individual who is a director, officer or key employee of, or any individual who has a ten percent or more ownership interest in, the applicant.

7. Any ownership interest that a director, officer, key employee or individual owner of ten percent or more of the applicant holds in a person that is or was a fantasy sports contest operator or similar entity in any jurisdiction.

8. An identification of any business, including, if applicable, the state of incorporation or registration, in which an applicant, director, officer, key employee or individual owner of ten percent or more of the applicant~~,~~ has an equity interest of five percent or more.

9. Whether an applicant, director, officer, key employee or individual owner of ten percent or more of the applicant has ever applied for or been granted any license, registration or certificate issued by a licensing authority in this state or any other jurisdiction for a gaming activity.

10. Whether an applicant, director, officer, key employee or individual owner of ten percent or more of the applicant has filed or been served with a complaint or other notice filed by a public body regarding the delinquency in payment of or dispute over filings concerning the payment of any tax required under federal, state or local law, including

the amount of tax, the type of tax, the taxing agency and the time periods involved.

11. A description of any physical facility operated by the applicant in this state, the employees who work at the facility and the nature of the business conducted at the facility.

12. Information sufficient to show, as determined by the department, that the applicant can meet the requirements of procedures submitted by the applicant under section 5-1203 and under any rules adopted under this chapter.

G. The department may require licensure of a holding company, a management company or any other person it considers sufficiently connected to the fantasy sports contest operator if that licensure is necessary to preserve the integrity of fantasy sports contests and protect fantasy sports contest players.

H. A license issued under this section is valid for two years. The department shall renew a license biennially if the applicant demonstrates continued eligibility for licensure under this chapter and pays the renewal fee. Notwithstanding this subsection, the department may investigate a licensee at any time the department determines it is necessary to ensure that the licensee remains in compliance with this chapter and the rules adopted pursuant to this chapter.

I. The department shall establish the initial license fee and the license renewal fee. The department may assess investigative costs if the cost of a licensure investigation exceeds the amount of the initial license or renewal fee.

J. On receipt of a completed application and the required fee, the department shall conduct the necessary background investigation to determine if the applicant meets the qualifications for licensure. On completion of the necessary background investigation, the department shall either issue a license or deny the application. If the application for licensure is denied, a statement setting forth the grounds for denial shall

be forwarded to the applicant together with all other documents relied on by the department, to the extent allowed by law.

K. A FANTASY SPORTS CONTEST CONDUCTED BY AN OPERATOR DEFINED TERM PURSUANT TO THIS CHAPTER DOES NOT CONSTITUTE EVENT WAGERING AS DEFINED IN SECTION 5-1301."

Amend title to conform

JEFF WENINGER

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2328

DATE February 18, 2025 MOTION: DPA S/E

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar			✓		
Blackman		✓			
Cavero			✓		
Connolly			✓		
Diaz		✓			
Hendrix		✓			
Villegas			✓		
Wilmeth		✓			
Way, Vice-Chairman		✓			
Weninger, Chairman		✓			
		6	4	0	0

Abby Salvey
COMMITTEE SECRETARY

APPROVED:
JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 31

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2654: blockchain and cryptocurrency study committee
S/E: cryptocurrency and blockchain commission
Sponsor: Representative Weninger, LD 13
Committee on Commerce

Summary of the Strike Everything Amendment to HB 2564

Overview

Establishes the Cryptocurrency and Blockchain Commission (Commission).

History

Blockchain is a cryptographically secured distributed ledger that records transactions chronologically, permanently and unalterably.

Blockchain technology is distributed ledger technology that uses a distributed, decentralized, shared and replicated ledger, which may be public or private, permissioned or permissionless, or driven by tokenized crypto economics or tokenless. The data on the ledger is protected with cryptography, is immutable and auditable and provides an uncensored truth.

Statute provides that a signature that is secured through blockchain technology is considered to be in an electronic form and to be an electronic signature. A record or contract that is secured through blockchain technology is considered to be in an electronic form and to be an electronic record (A.R.S. § 44-7061).

Provisions

1. Establishes the 19-member Commission and outlines the Commission membership. (Sec. 1)

2. Directs the Commission to:
   a) advise on cryptocurrency and blockchain-related matters including policies, pilot programs, and initiatives;
   b) develop strategies and cryptocurrency and blockchain solutions to position Arizona as a leader in blockchain innovation designed to improve transparency, increase efficiency and enhance the delivery of services to Arizona residents;
   c) partner with and facilitate collaboration with academic institutions, industry leaders, innovators, firms, startups and the White House, with the aim of supporting blockchain technologies and furthering cryptocurrency and blockchain adoption, ensuring its integration in Arizona's economy;
   d) promote cryptocurrency and blockchain literacy and workforce development within educational institutions;

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

ATTACHMENT 32

e) provide cryptocurrency and blockchain training programs for Arizona law enforcement agencies to promote blockchain literacy and workforce development;
f) research, propose and help develop innovative, risk-averse and industry-supportive cryptocurrency and blockchain legislation; and
g) meet on the call of its chairperson. (Sec. 1)

3. Instruct the Commission to appoint, from among its membership, the Arizona Crypto Czar to help lead state cryptocurrency and blockchain initiatives and coordinate with federal initiatives and outlines the duties of the Czar. (Sec. 1)

4. Authorizes the Commission to:
   a) create subcommittees to address specific blockchain adoption and integration to provide detailed and informed recommendations to the commission;
   b) research and analyze topics within their designated focus areas to provide recommendations;
   c) collaborate with stakeholders to ensure alignment with state and federal blockchain initiatives;
   d) identify challenges and opportunities in blockchain adoption and propose actionable solutions;
   e) support the implementation of pilot programs, policies and educational initiatives related to their designated focus areas;
   f) provide progress updates and reports to the commission on their activities and findings; and
   g) work with national and international blockchain experts that provide strategic guidance and expert recommendations to the Commission on blockchain trends, technologies and best practices. (Sec. 1)

5. Allows the Commission to seek guidance from experts to:
   a) evaluate proposed blockchain initiatives and pilot programs;
   b) offer insights on emerging blockchain technologies and innovations;
   c) facilitate connections with global blockchain leaders, organizations and research institutions;
   d) ensure that the Commission's strategies align with international standards and best practices. (Sec. 1)

6. Requires the Commission to prepare a report detailing its activities and recommending legislation on cryptocurrency and blockchain solutions to the Governor and Legislature by December 1 of each year. (Sec. 1)

Fifty-seventh Legislature
First Regular Session

Commerce
H.B. 2654

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2654

(Reference to printed bill)

Strike everything after the enacting clause and insert:

"Section 1. Title 18, chapter 7, article 1, Arizona Revised Statutes, is amended by adding section 18-701, to read:

18-701. Arizona cryptocurrency and blockchain commission; crypto czar; members; duties; reports

A. THE ARIZONA CRYPTOCURRENCY AND BLOCKCHAIN COMMISSION IS ESTABLISHED TO:

1. ADVISE ON CRYPTOCURRENCY AND BLOCKCHAIN-RELATED MATTERS INCLUDING POLICIES, PILOT PROGRAMS, AND INITIATIVES.

2. DEVELOP STRATEGIES AND CRYPTOCURRENCY AND BLOCKCHAIN SOLUTIONS TO POSITION ARIZONA AS A LEADER IN BLOCKCHAIN INNOVATION DESIGNED TO IMPROVE TRANSPARENCY, INCREASE EFFICIENCY AND ENHANCE THE DELIVERY OF SERVICES TO ARIZONA RESIDENTS.

3. PARTNER WITH AND FACILITATE COLLABORATION WITH ACADEMIC INSTITUTIONS, INDUSTRY LEADERS, INNOVATORS, FIRMS, STARTUPS AND THE WHITE HOUSE, WITH THE AIM OF SUPPORTING BLOCKCHAIN TECHNOLOGIES AND FURTHERING CRYPTOCURRENCY AND BLOCKCHAIN ADOPTION, ENSURING ITS INTEGRATION IN ARIZONA'S ECONOMY.

4. PROMOTE CRYPTOCURRENCY AND BLOCKCHAIN LITERACY AND WORKFORCE DEVELOPMENT WITHIN EDUCATIONAL INSTITUTIONS.

5. PROVIDE CRYPTOCURRENCY AND BLOCKCHAIN TRAINING PROGRAMS FOR ARIZONA LAW ENFORCEMENT AGENCIES TO PROMOTE BLOCKCHAIN LITERACY AND WORKFORCE DEVELOPMENT.

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

ATTACHMENT 33

6. RESEARCH, PROPOSE AND HELP DEVELOP INNOVATIVE, RISK-AVERSE AND INDUSTRY-SUPPORTIVE CRYPTOCURRENCY AND BLOCKCHAIN LEGISLATION.

B. THE COMMISSION IS ESTABLISHED CONSISTING OF THE FOLLOWING MEMBERS:

1. THREE MEMBERS OF THE ARIZONA HOUSE OF REPRESENTATIVES WHO ARE APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, NOT MORE THAN TWO OF WHOM ARE MEMBERS OF THE SAME POLITICAL PARTY. THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL DESIGNATE ONE MEMBER TO SERVE AS CHAIRPERSON OF THE COMMITTEE.

2. THREE MEMBERS OF THE ARIZONA SENATE WHO ARE APPOINTED BY THE PRESIDENT OF THE SENATE, NOT MORE THAN TWO OF WHOM ARE MEMBERS OF THE SAME POLITICAL PARTY.

3. A BLOCKCHAIN AND CRYPTOCURRENCY SPECIALIST WHO IS APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES. THIS MEMBER WILL SERVE AS THE DESIGNATED PERSON TO OVERSEE THE COMMISSION'S OPERATIONS, ENSURING OVERALL EFFICIENCY AND ADHERENCE TO THE ESTABLISHED OBJECTIVES OF THE COMMITTEE.

4. A SENIOR MANAGING DIRECTOR OF A BLOCKCHAIN AND DIGITAL ASSETS BUSINESS WHO IS APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES. THIS MEMBER SHALL MANAGE THE FINANCIAL PLANNING, BUDGETING AND FUNDING ALLOCATION FOR THE BLOCKCHAIN INITIATIVES.

5. A CHIEF TECHNOLOGY OFFICER OF AN ARIZONA-BASED CRYPTOCURRENCY COMPANY WHO IS APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES. THIS MEMBER SHALL DRIVE TECHNOLOGICAL INNOVATION AND PROVIDE UPDATES ON CUTTING-EDGE BLOCKCHAIN SOLUTIONS TO SUPPORT THE COMMISSION'S DEVELOPMENT AND ENSURE ALIGNMENT WITH THEIR OBJECTIVES.

6. A CHIEF MARKETING OFFICER OF AN ARIZONA-BASED CRYPTOCURRENCY COMPANY WHO IS APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES. THIS MEMBER SHALL HANDLE THE OUTREACH, PUBLIC RELATIONS AND MARKETING STRATEGIES TO PROMOTE BLOCKCHAIN ADOPTION.

7. TWO REPRESENTATIVES OF AN ARIZONA BLOCKCHAIN OR CRYPTOCURRENCY ASSOCIATION WHO ARE APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES. THESE MEMBERS SHALL FOCUS ON IDENTIFYING EMERGING

BLOCKCHAIN TRENDS AND INTEGRATING INNOVATIVE PRACTICES INTO COMMISSION INITIATIVES.

8. AN ATTORNEY WHO SPECIALIZES IN CRYPTOCURRENCY LITIGATION AND PRACTICES IN THE STATE OF ARIZONA WHO APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

9. AN EXPERIENCED CRYPTOCURRENCY REPRESENTATIVE WHO SPECIALIZES IN PROVIDING CRYPTOCURRENCY CONSULTING SERVICES WHO IS APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

10. A UNIVERSITY PROFESSOR WHO SPECIALIZES IN BLOCKCHAIN AND IS FROM A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS WHO IS APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

11. THE CHIEF EXECUTIVE OFFICER OF THE ARIZONA COMMERCE AUTHORITY OR THE CHIEF EXECUTIVE OFFICER'S DESIGNEE.

12. THE DIRECTOR OF THE DEPARTMENT OF REVENUE OR THE DIRECTOR'S DESIGNEE.

13. THE DIRECTOR OF THE DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS OR THE DIRECTOR'S DESIGNEE.

14. THE ATTORNEY GENERAL OR THE ATTORNEY GENERAL'S DESIGNEE.

C. THE COMMITTEE SHALL MEET ON THE CALL OF ITS CHAIRPERSON.

D. FROM AMONG ITS MEMBERSHIP, THE COMMISSION SHALL APPOINT THE ARIZONA CRYPTO CZAR TO HELP LEAD STATE CRYPTOCURRENCY AND BLOCKCHAIN INITIATIVES AND COORDINATE WITH FEDERAL INITIATIVES. THE CRYPTO CZAR SHALL:

1. ACT AS THE PRIMARY LIAISON BETWEEN ARIZONA AND FEDERAL CRYPTOCURRENCY AND BLOCKCHAIN INITIATIVES.

2. ADVOCATE FOR CRYPTOCURRENCY AND BLOCKCHAIN ADOPTION IN ALIGNMENT WITH STATE AND FEDERAL POLICIES.

3. COORDINATE CRYPTOCURRENCY AND BLOCKCHAIN PROJECTS AND PILOT PROGRAMS WITHIN THE STATE.

4. SUBMIT UPDATES TO THE COMMISSION TO THE GOVERNOR AND LEGISLATURE ON THE COMMISSION'S PROGRESS, INITIATIVES, AND OUTCOMES.

E. THE COMMISSION MAY CREATE SUBCOMMITTEES TO ADDRESS SPECIFIC BLOCKCHAIN ADOPTION AND INTEGRATION TO PROVIDE DETAILED AND INFORMED RECOMMENDATIONS TO THE COMMISSION AND MAY:

1. RESEARCH AND ANALYZE TOPICS WITHIN THEIR DESIGNATED FOCUS AREAS TO PROVIDE RECOMMENDATIONS.

2. COLLABORATE WITH STAKEHOLDERS TO ENSURE ALIGNMENT WITH STATE AND FEDERAL BLOCKCHAIN INITIATIVES.

3. IDENTIFY CHALLENGES AND OPPORTUNITIES IN BLOCKCHAIN ADOPTION AND PROPOSE ACTIONABLE SOLUTIONS.

4. SUPPORT THE IMPLEMENTATION OF PILOT PROGRAMS, POLICIES AND EDUCATIONAL INITIATIVES RELATED TO THEIR DESIGNATED FOCUS AREAS.

5. PROVIDE PROGRESS UPDATES AND REPORTS TO THE COMMISSION ON THEIR ACTIVITIES AND FINDINGS.

F. THE COMMISSION MAY WORK WITH NATIONAL AND INTERNATIONAL BLOCKCHAIN EXPERTS THAT PROVIDE STRATEGIC GUIDANCE AND EXPERT RECOMMENDATIONS TO THE COMMISSION ON BLOCKCHAIN TRENDS, TECHNOLOGIES AND GLOBAL BEST PRACTICES. THE COMMISSION MAY SEEK GUIDANCE FROM EXPERTS TO:

1. EVALUATE PROPOSED BLOCKCHAIN INITIATIVES AND PILOT PROGRAMS.

2. OFFER INSIGHTS ON EMERGING BLOCKCHAIN TECHNOLOGIES AND INNOVATIONS.

3. FACILITATE CONNECTIONS WITH GLOBAL BLOCKCHAIN LEADERS, ORGANIZATIONS AND RESEARCH INSTITUTIONS.

4. ENSURE THAT THE COMMISSION'S STRATEGIES ALIGN WITH INTERNATIONAL STANDARDS AND BEST PRACTICES.

G. THE COMMISSION SHALL PREPARE A REPORT TO THE GOVERNOR AND THE LEGISLATURE BY DECEMBER 1 OF EACH YEAR DETAILING ITS ACTIVITIES AND RECOMMENDING LEGISLATION ON CRYPTOCURRENCY AND BLOCKCHAIN SOLUTIONS."

Amend title to conform

JEFF WENINGER

02/14/2025
12:58 PM
H: LG/ra

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2654

(Reference to proposed WENINGER s/e amendment dated: 2/14/25; 12:58 pm)

Page 1, line 1, after the first comma, strike remainder of line

Strike line 2, insert "Arizona Revised Statutes, is amended by adding chapter 7, to read:

CHAPTER 7

CRYPTOCURRENCY AND BLOCKCHAIN

ARTICLE 1. GENERAL PROVISIONS"

Page 4, between lines 24 and 25, insert:

"Sec. 2. Title 41, chapter 27, article 2, Arizona Revised Statutes, is amended by adding section 41-3028.16, to read:

41-3028.16. Arizona cryptocurrency and blockchain commission; termination July 1, 2028

A. THE ARIZONA CRYPTOCURRENCY AND BLOCKCHAIN COMMISSION TERMINATES ON JULY 1, 2028.

B. TITLE 18, CHAPTER 7, ARTICLE 1 AND THIS SECTION ARE REPEALED ON JANUARY 1, 2029.

Sec. 3. Purpose

Pursuant to section 41-2955, subsection E, Arizona Revised Statutes, the legislature establishes the Arizona cryptocurrency and blockchain commission to advise on cryptocurrency and blockchain-related matters.

Sec. 4. Emergency

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

ATTACHMENT 34

This act is an emergency measure that is necessary to preserve the public peace, health or safety and is operative immediately as provided by law."

Amend title to conform

JEFF WENINGER

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2654

DATE February 18, 2025 MOTION: DPA S/E

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Blackman					✓
Cavero		✓			
Connolly		✓			
Diaz		✓			
Hendrix		✓			
Villegas		✓			
Wilmeth		✓			
Way, Vice-Chairman		✓			
Weninger, Chairman		✓			
		9	0	0	1

Abby Selvey
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 35

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2342: cell phone carrier; spam calls
S/E: blockchain technology; regulation; computational power
Sponsor: Representative Martinez, LD 16
Committee on Commerce

Summary of the Strike Everything Amendment to HB 2342

Overview
Preempts lawfully assessing or using computation power in a residence from city, town or county regulations.

History
Current statute prohibits a city, town or county from impeding a person running a node on blockchain technology in a residence. Additionally, declares that regulating the act of running a node on blockchain technology in a person's residence is of statewide concern and prohibits further regulation by any city, town or county (A.R.S. §§ 9-500.42, 11-269.22).

Provisions
1. Precludes a city, town or county from restricting an individual from lawfully accessing or using computational power in a residence. (Sec. 1, 2)
2. Asserts that regulating the act of lawfully accessing or using computational power in a residence is of statewide concern and is not subject to further regulation from a city, town or county. (Sec. 1, 2)
3. Defines *computational power* as the use of computer hardware and software to process data, run algorithms or perform tasks requiring significant computing resources, including artificial intelligence, blockchain, scientific research and cloud computing. (Sec. 1, 2)

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

ATTACHMENT 36

Fifty-seventh Legislature
First Regular Session

Commerce
H.B. 2342

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2342

(Reference to printed bill)

Strike everything after the enacting clause and insert:

"Section 1. Section 9-500.42, Arizona Revised Statutes, is amended to read:

9-500.42. Prohibition on regulation of using computational power or running node on blockchain technology; state preemption; definitions

A. A city or town may not prohibit or otherwise restrict an individual from LAWFULLY ACCESSING OR USING COMPUTATIONAL POWER OR running a node on blockchain technology in a residence.

B. The regulation of the act of LAWFULLY ACCESSING OR USING COMPUTATIONAL POWER OR running a node on blockchain technology in a residence is of statewide concern and not subject to further regulation by a city or town.

C. For the purposes of this section: ~~,~~

1. "COMPUTATIONAL POWER" MEANS THE USE OF COMPUTER HARDWARE AND SOFTWARE TO PROCESS DATA, RUN ALGORITHMS OR PERFORM TASKS REQUIRING SIGNIFICANT COMPUTING RESOURCES, INCLUDING ARTIFICIAL INTELLIGENCE, BLOCKCHAIN, SCIENTIFIC RESEARCH AND CLOUD COMPUTING.

2. "Running a node on blockchain technology" means providing computing power to validate or encrypt transactions in blockchain technology as defined in section 44-7061.

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

ATTACHMENT 37

Sec. 2. Section 11-269.22, Arizona Revised Statutes, is amended to read:

11-269.22. Prohibition on regulation of using computational power or running node on blockchain technology; state preemption; definitions

A. A county may not prohibit or otherwise restrict an individual from LAWFULLY ACCESSING OR USING COMPUTATIONAL POWER OR running a node on blockchain technology in a residence.

B. The regulation of the act of LAWFULLY ACCESSING OR USING COMPUTATIONAL POWER OR running a node on blockchain technology in a residence is of statewide concern and not subject to further regulation by a county.

C. For the purposes of this section: ;—

1. "COMPUTATIONAL POWER" MEANS THE USE OF COMPUTER HARDWARE AND SOFTWARE TO PROCESS DATA, RUN ALGORITHMS OR PERFORM TASKS REQUIRING SIGNIFICANT COMPUTING RESOURCES, INCLUDING ARTIFICIAL INTELLIGENCE, BLOCKCHAIN, SCIENTIFIC RESEARCH AND CLOUD COMPUTING.

2. "Running a node on blockchain technology" means providing computing power to validate or encrypt transactions in blockchain technology as defined in section 44-7061."

Amend title to conform

JEFF WENINGER

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2342

DATE February 18, 2025 MOTION: DPA 15E

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar			✓		
Blackman					✓
Cavero			✓		
Connolly			✓		
Diaz		✓			
Hendrix		✓			
Villegas			✓		
Wilmeth		✓			
Way, Vice-Chairman		✓			
Weninger, Chairman		✓			
		5	4	0	1

Abby Selvey
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 38

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature
First Regular Session

HB 2324: technical correction; unclaimed property; interest
S/E: forfeiture; digital assets; reserve fund
Sponsor: Representative Weninger, LD 13
Committee on Commerce

Summary of the Strike Everything Amendment to HB 2324

Overview

Provides for the forfeiture and seizure of a digital asset. Establishes the Bitcoin and Digital Assets Reserve Fund.

History

Except as provided in statute, all property, including all interests in such property, described in a statute providing for its forfeiture is subject to forfeiture if:

1) the owner is convicted of an offense to which forfeiture applies; and
2) the state establishes by clear and convincing evidence that the property is subject to forfeiture.

After a person is convicted of an offense for which forfeiture applies, a court may order the person to forfeit:

1) property the person acquired through the commission of the offense.
2) property that is directly traceable to property acquired through the commission of the offense.
3) any property or instrumentality that the person used in the commission of the offense or to facilitate the offense.
4) substitute assets as prescribed by statute (A.R.S. § 13-4304).

Property that is subject to forfeiture may be seized by a peace officer:

1) on process issued pursuant to the Arizona rules of civil procedure or this title, including a seizure warrant;
2) by making a seizure for forfeiture on property seized on process issued pursuant to law;
3) by making a seizure for forfeiture without court process if the officer has probable cause to believe that the property is subject to forfeiture and any of the following is true:
   a) the seizure for forfeiture is of property seized incident to a lawful arrest for a crime or a lawful search;
   b) the property subject to seizure for forfeiture has been the subject of a prior judgment in favor of this state or any other state or the federal government in a forfeiture proceeding;
   c) the peace officer has probable cause to believe that the property is subject to forfeiture and that the delay occasioned by the need to obtain a court order would result in the

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

ATTACHMENT 39

removal or destruction of the property or otherwise frustrate the seizure (A.R.S. § 13-4305).

Provisions

1. Authorizes a court to order a person who is convicted of an offense for which forfeiture applies to forfeit any digital asset used in, acquired through or traceable to the commission of an offense. (Sec. 2)
2. Adds that property that is subject to forfeiture may be seized by a peace officer by making a seizure of a digital assets by:
   a) gaining access to a private key, passphrase or other access mechanism;
   b) securing a digital wallet through blockchain technology; or
   c) transferring the digital asset to a state-approved, secure digital wallet or platform. (Sec. 3)
3. Requires a digital asset that is seized to be stored in a state-approved, secure digital wallet system that is managed by authorized personnel to prevent loss, theft or unauthorized access. (Sec. 3)
4. Authorizes the entity that received forfeited property by the state to sell a forfeited digital asset by public or otherwise commercially reasonable sale with expenses of keeping and selling the digital asset and the amount of all valid interests established by claimants paid out of the proceeds for the sale. (Sec. 4)
5. Requires the remaining balance of the proceeds of the sale be deposited as follows:
   a) 50% in the state General Fund; and
   b) 50% in the Bitcoin and Digital Assets Reserve Fund (Fund). (Sec. 4)
6. Specifies the digital asset must be sold through state-approved cryptocurrency exchanges or other secure platforms to ensure accurate valuation and transparency and may remain in its native form. (Sec. 4)
7. Establishes the (Fund) to store, manage and allocate digital assets securely. (Sec. 5)
8. Specifies the Fund consisting of forfeited digital assets seized or deposited which may be in the forms of a digit asset and bitcoin. (Sec. 5)
9. Specifies the Fund is administered by the State Treasurer and is subject to legislative appropriation. (Sec. 5)
10. Stipulates that, on legislative approval, 10% of the digital assets held in the Fund are deposited in the state General Fund. (Sec. 5)
11. Defines *airdrop, digital asset,* and *non-fungible token.* (Sec. 1, 5)

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2324

(Reference to printed bill)

Strike everything after the enacting clause and insert:

"Section 1. Section 13-4301, Arizona Revised Statutes, is amended to read:

13-4301. Definitions

In this chapter, unless the context otherwise requires:

1. "Abandoned THE property":

(a) Means ~~personal property~~ that the owner OF PERSONAL PROPERTY has intentionally relinquished the right to and control over THE PERSONAL PROPERTY.

(b) Does not ~~include~~ APPLY TO property that is obtained as a result of a peace officer requesting, requiring or inducing a person to execute a document that purports to disclaim an interest in or right to the property or that relinquished interest in or rights to the property.

2. "Attorney for the state" means an attorney designated by the attorney general, by a county attorney or by a city attorney to investigate, commence and prosecute an action under this chapter.

3. "Commercially reasonable" means a sale or disposal that would be commercially reasonable under title 47, chapter 9, article 6.

4. "DIGITAL ASSET":

(a) MEANS A DIGITAL REPRESENTATION OF VALUE, RIGHTS OR OWNERSHIP THAT IS RECORDED AND TRANSFERRED ELECTRONICALLY USING BLOCKCHAIN TECHNOLOGY OR OTHER DISTRIBUTED SYSTEMS.

(b) INCLUDES ANY OF THE FOLLOWING:

(i) CRYPTOCURRENCY.

(ii) A NONFUNGIBLE TOKEN.

(iii) TOKENIZED REAL-WORLD ASSETS.

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

ATTACHMENT 40

(iv) AN AIRDROP.

(v) A FORKED TOKEN.

(vi) DECENTRALIZED FINANCE REWARDS OR TOKENS.

(vii) VIRTUAL CURRENCY. FOR THE PURPOSES OF THIS ITEM, "VIRTUAL CURRENCY" HAS THE SAME MEANING PRESCRIBED IN SECTION 43-1028.

(viii) OTHER DIGITAL REPRESENTATIONS THAT MAY HOLD ECONOMIC, UTILITY OR OWNERSHIP VALUE.

~~4.~~ 5. "Injured person" means a person who has sustained economic loss, including medical loss, as a result of injury to his person, business or property by the conduct giving rise to the forfeiture of property, and who is not an owner of or an interest holder in the property. Injured person does not include a person who is responsible for the conduct giving rise to forfeiture or a person whose interest would not be exempt from forfeiture if the person were an owner of or interest holder in the property.

~~5.~~ 6. "Interest holder" means a person in whose favor there is a security interest or who is the beneficiary of a perfected encumbrance pertaining to an interest in property.

~~6.~~ 7. "Owner" means a person who is not a secured party as defined in section 47-9102 and who has an interest in property, whether legal or equitable. A person who holds property for the benefit of or as agent or nominee for another is not an owner. A purported interest that is not in compliance with any statute requiring its recordation or reflection in public records in order to perfect the interest against a bona fide purchaser for value shall not be recognized as an interest against this state in an action pursuant to this chapter. An owner with power to convey property binds other owners, and a spouse binds his spouse, by his act or omission.

~~7.~~ 8. "Person known to have an interest" means a person whose interest in property is reflected in the public records in which his interest is required by law to be recorded or reflected in order to perfect his interest. If a person's interest in property is not required by law to be reflected in public records in order to perfect his interest in the

property, a person shall be known to have an interest only if his interest can be readily ascertained at the time the forfeiture action commences pursuant to this chapter.

~~8.~~ 9. "Personal property" includes all interests in property, as defined in section 13-105, in whatever form, except real property and fixtures as defined in section 47-9102.

~~9.~~ 10. "Seizing agency" means any department or agency of this state or its political subdivisions that regularly employs peace officers and that employs the peace officer who seizes property for forfeiture, or such other agency as the seizing agency may designate in a particular case by its chief executive officer or the chief executive officer's designee.

~~10.~~ 11. "Seizure for forfeiture" means seizure of property by a peace officer and either:

(a) There is an assertion by the seizing agency or by an attorney for the state that the property is subject to forfeiture.

(b) The property has no evidentiary value.

Sec. 2. Section 13-4304, Arizona Revised Statutes, is amended to read:

13-4304. Property subject to forfeiture; exemptions; innocent owner

A. Except as provided in subsections B, C and D of this section, all property, including all interests in such property, described in a statute providing for its forfeiture is subject to forfeiture if both of the following apply:

1. The owner is convicted of an offense to which forfeiture applies.

2. The state establishes by clear and convincing evidence that the property is subject to forfeiture as provided in subsection E of this section.

B. A vehicle used by any person as a common carrier in the transaction of business as a common carrier may not be forfeited under this chapter unless the state proves by clear and convincing evidence that the owner or other person in charge of the vehicle was a consenting party or privy to the act or omission giving rise to forfeiture or knew of it.

C. A vehicle may not be forfeited under this chapter following a conviction for any act or for an omission committed or omitted by a person other than the owner while the vehicle was unlawfully in the possession of a person other than the owner in violation of the criminal laws of this state or of the United States.

D. Property may not be forfeited pursuant to section 13-3413, subsection A, paragraph 1 or 3 if the conduct giving rise to the seizure both:

1. Did not involve an amount of unlawful substance greater than the statutory threshold amount as defined in section 13-3401.

2. Was not committed for financial gain.

E. After a person is convicted of an offense for which forfeiture applies, a court may order the person to forfeit any of the following:

1. Property THAT the person acquired through the commission of the offense.

2. Property that is directly traceable to property acquired through the commission of the offense.

3. Any property or instrumentality that the person used in the commission of the offense or to facilitate the offense.

4. Substitute assets as prescribed in section 13-2314, subsection D, paragraph 6, subdivision (d) and in accordance with section 13-4305, subsection C.

5. ANY DIGITAL ASSET USED IN, ACQUIRED THROUGH OR TRACEABLE TO THE COMMISSION OF AN OFFENSE.

F. The court may waive the conviction requirement if the prosecuting authority shows by clear and convincing evidence that there is no known owner of the seized property, diligent efforts have been made to identify the owner of the seized property and no person has asserted an ownership interest in the seized property or that, before conviction, the defendant or alleged criminal:

1. Died.

2. No longer resides in the United States or was deported.

3. Was granted immunity or reduced punishment in exchange for testifying or assisting a law enforcement investigation or prosecution.

4. Fled the jurisdiction of this state.

5. Abandoned the property.

G. This section does not prevent property from being forfeited by the terms of a plea agreement that is approved by a court or by other agreement of the parties in a criminal proceeding.

H. A person who claims to be an innocent owner has the burden of production to show that the person either:

1. Held a legal right, title or interest in the property seized at the time the illegal conduct that gave rise to the seizure of the property occurred.

2. Acquired as a bona fide purchaser for value a legal right, title or interest in the property subject to forfeiture after the commission of the crime that gave rise to the seizure of the property.

I. If a person establishes that the person is an innocent owner pursuant to subsection H of this section and the state pursues a forfeiture proceeding with respect to that person's property, other than property described in section 13-3413 to successfully forfeit the property, the state shall prove by clear and convincing evidence that the innocent owner had actual knowledge of the underlying crime that gave rise to the forfeiture.

J. If the state is unable to prove the person is not an innocent owner as provided in subsections H and I of this section, the court shall find that the person is an innocent owner and order the state to relinquish all claims of title to the property and return the property to the innocent owner.

Sec. 3. Section 13-4305, Arizona Revised Statutes, is amended to read:

13-4305. Seizure of property

A. Property subject to forfeiture under this chapter may be seized for forfeiture by a peace officer:

1. On process issued pursuant to the Arizona rules of civil procedure or this title, including a seizure warrant.

2. By making a seizure for forfeiture on property seized on process issued pursuant to law, including sections 13-3911, 13-3912, 13-3913, 13-3914 and 13-3915.

3. By making a seizure for forfeiture without court process if the officer has probable cause to believe that the property is subject to forfeiture and any of the following is true:

(a) The seizure for forfeiture is of property seized incident to a lawful arrest for a crime or a lawful search.

(b) The property subject to seizure for forfeiture has been the subject of a prior judgment in favor of this state or any other state or the federal government in a forfeiture proceeding.

(c) The peace officer has probable cause to believe that the property is subject to forfeiture and that the delay occasioned by the need to obtain a court order would result in the removal or destruction of the property or otherwise frustrate the seizure.

4. BY MAKING A SEIZURE OF A DIGITAL ASSET BY:

(a) GAINING ACCESS TO A PRIVATE KEY, PASSPHRASE OR OTHER ACCESS MECHANISM.

(b) SECURING A DIGITAL WALLET THROUGH BLOCKCHAIN TECHNOLOGY.

(c) TRANSFERRING THE DIGITAL ASSET TO A STATE-APPROVED, SECURE DIGITAL WALLET OR PLATFORM.

B. The court shall determine probable cause for seizure before real property may be seized for forfeiture. The court may make its determination ex parte if the state demonstrates that notice and an opportunity to appear would create a risk of harm to the public safety or welfare, including the risk of physical injury or the likelihood of property damage or financial loss.

C. The court shall determine probable cause for seizure before property may be seized for forfeiture as a substitute asset pursuant to section 13-2314, subsection D or ~~E,~~ or pursuant to section 13-4313, subsection A. The court may issue a seizure warrant for such property if

it determines that there is probable cause to believe that the property is subject to forfeiture and is not available for seizure for forfeiture for any reason described in section 13-4313, subsection A. The determinations shall be made ex parte unless real property is to be seized and subsection B of this section requires notice and an opportunity to appear.

D. In establishing probable cause for seizure, a rebuttable presumption exists that the property of any person is subject to forfeiture if the state establishes all of the following by clear and convincing evidence:

1. Conduct giving rise to forfeiture occurred.

2. The person acquired the property during the period of the conduct giving rise to forfeiture or within a reasonable time after that period.

3. There is no likely source for the property other than the conduct giving rise to forfeiture.

E. The presence or possession of United States currency, debit cards or credit cards, without other indicia of a crime that subjects property to forfeiture, is insufficient probable cause for seizure of United States currency, debit cards or credit cards.

F. A DIGITAL ASSET THAT IS SEIZED PURSUANT TO THIS CHAPTER MUST BE STORED IN A STATE-APPROVED, SECURE DIGITAL WALLET SYSTEM THAT IS MANAGED BY AUTHORIZED PERSONNEL TO PREVENT LOSS, THEFT OR UNAUTHORIZED ACCESS.

Sec. 4. Section 13-4315, Arizona Revised Statutes, is amended to read:

13-4315. Allocation of forfeited property

A. Any property, including all interests in property, forfeited to the state under this title shall be transferred as requested by the attorney for the state to the seizing agency or to the agency or political subdivision employing the attorney for the state, which may do any of the following:

1. Sell, lease, lend or transfer the property to any local or state government entity or agency or political subdivision, any law enforcement agency or prosecutorial agency or any federal law enforcement agency that operates within this state for official federal, state or political

subdivision use within this state, with expenses for keeping and transferring such property to be paid by the recipient. Property may not be allocated for official use if the fair market value of the property substantially exceeds the agency's probable cost of purchasing other property equally suited for the intended official use. Property that is allocated for official use may not be assigned for use by any person who supervised or exercised discretion in its forfeiture unless the use is approved in writing by the head of the agency.

2. Sell forfeited property by public or otherwise commercially reasonable sale with expenses of keeping and selling the property and the amount of all valid interests established by claimants paid out of the proceeds of the sale with the balance paid into the anti-racketeering revolving fund of the state or of the county in which the political subdivision seizing the property or prosecuting the action is located. A sale of forfeited property may not be made to any employee of the seizing agency, any person who participated in the forfeiture, any employee of a contractor selling the property on behalf of the seizing agency or any member of the immediate family of any of these employees or persons.

3. SELL A FORFEITED DIGITAL ASSET BY PUBLIC OR OTHERWISE COMMERCIALLY REASONABLE SALE WITH EXPENSES OF KEEPING AND SELLING THE DIGITAL ASSET AND THE AMOUNT OF ALL VALID INTERESTS ESTABLISHED BY CLAIMANTS PAID OUT OF THE PROCEEDS OF THE SALE. FIFTY PERCENT OF THE REMAINING BALANCE SHALL BE DEPOSITED IN THE STATE GENERAL FUND AND THE REMAINING FIFTY PERCENT SHALL BE DEPOSITED IN THE BITCOIN AND DIGITAL ASSETS RESERVE FUND ESTABLISHED BY SECTION 41-180. DIGITAL ASSETS MUST BE SOLD THROUGH STATE-APPROVED CRYPTOCURRENCY EXCHANGES OR OTHER SECURE PLATFORMS TO ENSURE ACCURATE VALUATION AND TRANSPARENCY. A DIGITAL ASSET MAY REMAIN IN ITS NATIVE FORM.

~~3.~~ 4. Destroy or use for investigative purposes any illegal or controlled substances or other contraband at any time more than twenty days after seizure, on written approval of the attorney for the state, preserving only such material as may be necessary for evidence.

~~4.~~ 5. Sell, use or destroy all raw materials, products and equipment of any kind used or intended for use in manufacturing, compounding or processing a controlled substance.

~~5.~~ 6. Compromise and pay claims against property forfeited pursuant to any provision of this section.

~~6.~~ 7. Make any other disposition of forfeited property authorized by law for the disposition of property of the state, government entity, agency or political subdivision.

B. Notwithstanding subsection A of this section or any other law to the contrary:

1. If the property forfeited is money, and a law enforcement agency can specifically identify monies as being from its investigative funds or as being exchanged for property from its investigative property, the monies shall be remitted to the investigative fund. If there are additional forfeited monies or monies tendered on satisfaction by an interest holder that cannot be specifically identified, the court shall order the monies returned to each law enforcement agency that makes a showing of costs or expenses that it incurred in connection with the investigation and prosecution of the matter and shall order all excess monies remaining after such returns deposited in the anti-racketeering revolving fund of this state or of the county in which the political subdivision seizing the monies or prosecuting the action is located, established pursuant to section 13-2314.01 or 13-2314.03.

2. If the property declared forfeited is an interest in a vehicle, the court shall order it forfeited to the local, state or other law enforcement agency seizing the vehicle for forfeiture or to the seizing agency.

C. Monies in any anti-racketeering revolving fund established pursuant to this title may be used, in addition to any other lawful use, for:

1. The payment of any expenses necessary to seize, detain, appraise, inventory, protect, maintain, preserve the availability of, advertise or sell property that is subject to forfeiture and that is seized, detained or

forfeited pursuant to this title or of any other necessary expenses incident to the seizure, detention, preservation or forfeiture of the property. The payments may include payments for contract services and payments to reimburse any federal, state or local agency for any expenditures made to perform the investigative, storage and maintenance functions associated with the property held by the seizing agency.

2. The payment of awards for information or assistance leading to a civil or criminal proceeding under this title.

3. The payment of compensation from forfeited property to injured persons as provided in section 13-4310, subsection P, paragraph 3.

D. Each attorney for the state shall submit a copy of each forfeiture judgment, including each order of forfeiture, to the Arizona criminal justice commission within sixty days after the forfeiture judgment becomes final or after the conclusion of appellate review, if any.

Sec. 5. Title 41, chapter 1, article 4, Arizona Revised Statutes, is amended by adding section 41-180, to read:

41-180. Bitcoin and digital assets reserve fund; definitions

A. THE BITCOIN AND DIGITAL ASSETS RESERVE FUND IS ESTABLISHED TO STORE, MANAGE AND ALLOCATE DIGITAL ASSETS SECURELY. THE FUND CONSISTS OF FORFEITED DIGITAL ASSETS SEIZED OR DEPOSITED PURSUANT TO SECTIONS 13-4305 AND 13-4315. THE STATE TREASURER SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION. THE FORFEITED DIGITAL ASSET MAY BE IN THE FORMS OF A DIGITAL ASSET AND BITCOIN.

B. ON APPROVAL OF THE LEGISLATURE, TEN PERCENT OF THE DIGITAL ASSETS HELD IN THE FUND SHALL BE DEPOSITED IN THE STATE GENERAL FUND. THE LEGISLATURE MAY NOT DEPOSIT BITCOIN INTO THE STATE GENERAL FUND.

C. FOR THE PURPOSES OF THIS SECTION:

1. "AIRDROP" MEANS THE RECEIPT OF VIRTUAL CURRENCY THROUGH A MEANS OF DISTRIBUTION OF VIRTUAL CURRENCY TO THE DISTRIBUTED LEDGER ADDRESSES OF MULTIPLE TAXPAYERS.

2. "DIGITAL ASSET":

(a) MEANS A DIGITAL REPRESENTATION OF VALUE, RIGHTS OR OWNERSHIP THAT IS RECORDED AND TRANSFERRED ELECTRONICALLY USING BLOCKCHAIN TECHNOLOGY OR OTHER DISTRIBUTED SYSTEMS.

(b) INCLUDES ANY OF THE FOLLOWING:

(i) CRYPTOCURRENCY.

(ii) A NONFUNGIBLE TOKEN.

(iii) TOKENIZED REAL-WORLD ASSETS.

(iv) AN AIRDROP.

(v) A FORKED TOKEN.

(vi) DECENTRALIZED FINANCE REWARDS OR TOKENS.

(vii) VIRTUAL CURRENCY. FOR THE PURPOSES OF THIS ITEM, "VIRTUAL CURRENCY" HAS THE SAME MEANING PRESCRIBED IN SECTION 43-1028.

(viii) OTHER DIGITAL REPRESENTATIONS THAT MAY HOLD ECONOMIC, UTILITY OR OWNERSHIP VALUE.

3. "NON-FUNGIBLE TOKEN" HAS THE SAME MEANING PRESCRIBED IN SECTION 43-1028."

Amend title to conform

JEFF WENINGER

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2324

DATE February 18, 2025 MOTION: DPA S/E

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Blackman					✓
Cavero		✓			
Connolly		✓			
Diaz		✓			
Hendrix		✓			
Villegas		✓			
Wilmeth		✓			
Way, Vice-Chairman		✓			
Weninger, Chairman		✓			
		9	0	0	1

Abby Selvey
COMMITTEE SECRETARY

APPROVED:
Jeff Weninger
JEFF WENINGER, Chairman
MICHAEL WAY, Vice-Chairman

ATTACHMENT 41