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

COMMITTEE ON REGULATORY AFFAIRS

Report of Regular Meeting
Wednesday, March 13, 2024
House Hearing Room 5 -- 2:00 P.M.

Convened 2:28 P.M.
Recessed
Reconvened
Adjourned 3:41 P.M.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE
3/14/24

Members Present
Representative Crews
Representative Hernandez
Representative Liguori
Representative Payne
Representative Peña
Representative McGarr, Vice-Chairman
Representative Hendrix, 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
SB1153	DP	4-3-0-0	4, 5
SCR1012	DP	4-3-0-0	6, 7
SB1021	DP	5-2-0-0	8, 9
SB1171	DP	7-0-0-0	10, 11
SB1165	DP	6-0-0-1	12, 13
SB1234	DPA	5-1-0-1	14, 15, 16
SB1120	DP	4-2-0-1	17, 18
SB1291	DP	4-2-0-1	19, 20
SB1343	DP	4-2-0-1	21, 22
SB1634	HELD		23, 24

Julie Ryberg, Committee Secretary
March 14, 2024

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

REVISED #2- 3/12/24 **REVISED #2- 3/12/24** **REVISED #2- 3/12/24**

Convened 2:28 pm

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

Adjourned 3:41 pm

REGULAR MEETING AGENDA

COMMITTEE ON REGULATORY AFFAIRS

DATE Wednesday, March 13, 2024 ROOM HHR 5 TIME 2:00 P.M.

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2024031029

Members:

Representative Crews	Representative Payne	Representative McGarr, Vice-Chairman
Representative Hernandez A	Representative Peña	Representative Hendrix, Chairman
Representative Liguori		

	Bills		Short Title	Strike Everything Title
3	SB1021	DP	scope of practice; process; repeal	
			(Shope: Burch, Hernandez A, et al)	
		5-2-0-0	RA, RULES	
7	SB1120	DP	consumer fraud; unlawful practices(now: occupational regulations; complaints)	
			(Wadsack)	
		4-2-0-1	RA, RULES	
1	SB1153	DP	regulatory costs; rulemaking; legislative ratification	
			(Kern: Hoffman, Rogers, et al)	
		4-3-0-0	RA, RULES	
	*~~SB1164~~		~~pharmacy benefits; coverage; exemptions(now: pharmacy benefits; coverage)~~	
			~~(Shamp: Burch)~~	
			~~RA, APPROP, RULES~~	
5	SB1165	DP	pharmacy audit; procedures; prohibition	
			(Shamp: Burch, Gowan)	
		6-0-0-1	RA, RULES	

Attachment 1

	Bills		Short Title	Strike Everything Title
4	SB1171	DP	real estate department; licensing; administration	
			(Shope)	
		7-0-0-0	RA, RULES	
6	SB1234	DPA	pharmacy board; virtual manufacturers	
			(Shamp: Carroll, Gowan)	
		5-1-0-1	RA, RULES	
8	SB1291	DP	residential contractor assessments; recovery fund	
			(Hoffman)	
		4-2-0-1	RA, RULES	
9	SB1343	DP	agency review; rules; automatic expiration	
			(Petersen: Shamp, Bliss, et al)	
		4-2-0-1	RA, RULES	
	SB1634	Held	nonhealth regulatory boards; challenges; prohibition	
			(Hoffman)	
			RA, RULES	
2	SCR1012	DP	rulemaking; legislative ratification; regulatory costs	
			(Kern: Hoffman, Rogers, et al)	
		4-3-0-0	RA, RULES	

* If first read and assigned

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

RA
~~03/05/2024~~
~~03/06/2024~~
03/12/2024

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

Information Registered on the Request to Speak System

House Regulatory Affairs (3/13/2024)

SB1021, scope of practice; process; repeal

Testified in support:

Jessie Armendt, ARIZONA DENTAL HYGIENISTS' ASSOCIATION, AZ ASSN OF NURSE ANESTHETISTS

Testified as opposed:

Jeremy Browning, AZ OSTEOPATHIC MEDICAL ASSN

Support:

Amanda Hagerman, representing self; Jenna Bentley, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; j Leslie, representing self; Stephen Shadegg, Americans For Prosperity Arizona; Don Isaacson, Arizona Optometric Association; Dianne McCallister, AZ PHARMACY ASSOCIATION; Michelle Ahlmer, ARIZONA RETAILERS ASSOCIATION; Marie Isaacson, AZ OPTOMETRIC ASSN

Neutral:

Gail Bird, representing self; Barbara McGill, representing self

Oppose:

Amanda Sheinson, AZ MEDICAL ASSN; Janna Day, ARIZONA SOCIETY OF ANESTHESIOLOGISTS; Eve Shapiro, representing self; Jennifer Hartmark-Hill, representing self; Gary Figge MD, representing self; Mitchell Giangobbe MD, representing self; Brian Schneider MD, representing self; Cheryl O'Malley, MD, representing self; Charles Otto MD, representing self; Libby McDannell, representing self; Eric Ossowski MD, representing self; Jasleen Chhatwal MD, representing self; Teri Harnisch, representing self; Ronald Fischler, representing self; Luay Shayya, MD, representing self; William Pekarske, representing self; Susan Pekarske, representing self; Jenni Harris, representing self; Kristie Nonyelu, representing self; Nicole Bratsch, representing self; Matthew Chaung, representing self; Robert Tayler Bockstruck, MD, representing self; Sarah Lee-Davisson, representing self

All Comments:

Amanda Hagerman, Self: On behalf of the Goldwater Institute; Jennifer Hartmark-Hill, Self: The practice of healthcare is tremendously complex, and increasingly so. Requests for changes in scope of practice deserve time and focused consideration before the launch of the full session. Please vote "No" on repealing this process.; Gary Figge MD, Self: Expanding scope of practice needs to be through education, NOT legislation to protect the delivery of healthcare to all Arizonans and this is a CRITICAL step in protecting the public!; Jasleen Chhatwal MD, Self: The current Sunrise process has been working well to protect Arizonans against poorly vetted scope of practice changes that have the potential to endanger their health and well-being. A repeal of this process is unnecessary and risky.; Jenni Harris, Self: The Sunrise Review Process is in place in order to provide adequate time for informed analysis of requests for increased scope of practice. This protects Arizona citizens and is necessary. It cannot be repealed.; Matthew Chaung, Self: This important statute protects patients by ensuring there is a critical pause to consider the impacts of a scope expansion and the effects on patients. Please keep the Sunrise Review Process in place.

Attachment 2

SB1120, consumer fraud; unlawful practices (NOW: occupational regulations; complaints)

Oppose:
Nicole Fordey, representing self

All Comments:
Nicole Fordey, Self: need to be able to investigate complaints and discipline as necessary; unclear what qualifies as "substantial nexus"

SB1153, regulatory costs; rulemaking; legislative ratification

Testified in support:
David Morris, AMERICANS FOR PROSPERITY AZ; Scott Centorino, representing self

Support:
Stephen Shadegg, Americans For Prosperity Arizona; Allen Skillicorn - Personal Position , representing self

Neutral:
Sebastian Aleman, representing self

Oppose:
Sandy Bahr, Sierra Club - Grand Canyon Chapter; Dave Long, representing self; Steve Ramos, representing self; Denise Link, PhD, WHNP, representing self; Janet Larkin, representing self; Steven Linder, representing self; Peggie Jo Vincent, representing self; marilyn duerbeck, representing self; Maria Salvucci, representing self; Kevin Brown, representing self; Jeanne Casteen, representing self; Kenneth Bierman, representing self; Beatriz Urrea, representing self; Alisa McMahon, representing self; Michael Fiflis, representing self; Wes Oswald, representing self; Christina Mollica, representing self; Dianne Post, Self, STATE CONFERENCE NAACP; Cynthia Couture, representing self; Carol Maas, representing self; Sherrilynn James, representing self; Karen Cusano, representing self; Donita Ramos, representing self; Helen Kim, representing self; Kathryn Kaczmarek, representing self; Katherine Doman Sheydayi, representing self; Elizabeth Schauer, representing self; Barbara Oliver, representing self; Barbara Hutchinson, representing self; Christine Whitley, representing self; Susan Morris, representing self; Brent Gibbs, representing self; Alexei Sheydayl, representing self; Julie Golding, representing self; Christine Keitges, representing self; Beverlee Loat, representing self; Lawrence Peters, representing self; Linda Edwards, representing self; Kathy Fraser, representing self; Janet Senf, representing self; Jocelyn Dustan, representing self; Marilyn Coyle, representing self; Penny Boone, representing self; Ralph Meredith, representing self; Gayle Meredith, representing self; Diane Lings, representing self; GARY LEW OLIVER, representing self; Valerie Policastro Edie, representing self; Margaret Adams , representing self; Mariette Francis, representing self; Jim Moran, representing self; Liana Moran, representing self; Martha O'Connor, representing self; Kathleen Dubbs, representing self; CAROL R BLACKMAN, representing self; Mary-Jeanne Fincher, representing self; Gail Prestera, representing self; Roxanna Kearns, representing self; Stephen Coyle, representing self; Jo Ann Caruthers, representing self; William Levie, representing self; Michael Pyska, representing self; Vivian Harte, representing self; Norman Fuchs, representing self; Steve Gorman-Hackstadt, representing self; Dorothy Reed-Inman, representing self; Jason Backman, representing self; Rebecca Haynes, representing self; Mary Nelson, representing self; Caroline Anderson, representing self; Crystal Bazarnic, representing self; Gary Rulapaugh, representing self; Charlotte Lis, representing self; leadawn anderton,

representing self; William Yohey, representing self; Margaret Bruns, representing self; Robert Fisher, representing self; Barbara Larson, representing self; Jennifer Dawson, representing self; Sandra Rizzo, representing self; Patricia Edelen, representing self; Linda Block, representing self; Diane Klock, representing self; Lynn DeMuth, representing self; Diane McQueen, representing self; Theresa Paszkiewicz, representing self; ALICE BUCK, representing self; Marie Williams, representing self; Susan Nee, representing self; Cynthia Wagner, representing self; Nadine Smith, representing self; Nancy Hancock, representing self; Kathleen Schanus-Gohl, representing self; Claire Bickel, representing self; Nelson Morgan, representing self; Robert Larson, representing self; Linda Paul, representing self; Lisa Koenig, representing self; Kathleen Woessner, representing self; Nancee K Wood, representing self; Eric Kadel, representing self; Jeanne Hardie, representing self; William Bowlus-Root, representing self; Libby Stortz, representing self; Joseph Alexander, representing self; Nicole Fordey, representing self; Lisa Maczura, representing self; Connie Cockrell, representing self; Sharon Arnst, representing self; Claudia Miller, representing self; Terri Farneti, representing self; Pamela Chittenden, representing self; Katharine Donahue, representing self; Shelley Stephenson, representing self; Sarah Bihms LD29, representing self; Julian Donahue, representing self; Jerrold Borchardt, representing self; Marcia Tingley, representing self; Carol Campbell, representing self; Evan Deaubl, representing self; Lois Hansen, representing self; Karolyn Switzer, representing self; Kathleen Butler, representing self; STACEY NORDWALL, representing self; Margaret Tinsley, representing self; Beth Ballmann, representing self; Shirley Isaacson, representing self; Rivko Knox, representing self; Pat Jayson, representing self; Frederick James, representing self; Patricia Brunner, representing self; Sheryl Douglas, representing self; Elissa Karn, representing self; RITA DEPUYDT, representing self; Barbara Rodman, representing self; Jill Anderson, representing self; Christopher Cerrato, representing self; Alison Danis, representing self; Valarie Bryant, representing self; Rebecca Shook, representing self; Rebel Rice, representing self; Denise Hudson, representing self; Nadya Laliberte, representing self; Salie Travis, representing self; Michael Levine, representing self; Kathleen Sauer, representing self; J Nicholas Prestera, representing self; Jan Perozeni Corbus, representing self; Srinivas Manne, representing self; Chris Allen, representing self; marcia stewart, representing self; Gary Townsend, representing self; Margaret Cordovano, representing self; Kathryn Dorn, representing self; Katherine Hilton, representing self

All Comments:

Allen Skillicorn - Personal Position , Self: The legislature is accountable to the voters, unelected bureaucrats are not.; Beatriz Urrea, Self: This makes no sense at all!; Alisa McMahon, Self: Perhaps the legislature could work on something within its domain instead of inserting itself into the executive branch's business. We have three branches of government for a reason.; Michael Fiflis, Self: This bill would unreasonably tie the hands of agencies to regulate and should be rejected.; Helen Kim, Self: I'd like an idea of how many rules the change may impact, and am disappointed those sponsoring the bill did not provide an estimate; knowing how many rules may be impacted is important in determining if requiring legislative ratification is feasible.; Kathryn Kaczmarek, Self: Over reach here on the part of the Legislature.; Christine Whitley, Self: In committee, the sponsor could not answer how many rules this would impact but said "it shouldn't matter." Wow! I want everything to matter to lawmakers.This bill is irresponsible, especially if the sponsor is uninformed.; Lawrence Peters, Self: Hampers governor & AG in regulating unaccountable, wasteful spending such as the ESA voucher program where some use it like piggybanks for spending having nothing to do with a child's education costs. Sponsor should answer how many rules this impacts; Penny Boone, Self: NO. This is a MAGA manipulatory bill. NO; Rebecca Haynes, Self: This shortsighted measure would kneecap officials' ability to regulate unaccountable, wasteful spending. A prime example is Arizona's universal ESA voucher program; parents are complaining about the payment processor, and a new vendor could cost mor; Jennifer Dawson, Self: would kneecap Hobbs and Mayes' ability to regulate unaccountable, wasteful spending. VETOED last year.; Sandra Rizzo, Self: Harms our Governor and Attorney General from handling wasteful spending. Do not support.; Patricia Edelen, Self: This shortsighted measure would remove the ability of the state government from regulating wasteful spending.; Cynthia Wagner, Self: Vetoed last year. Still bad.; Nelson Morgan,

Self: While some burdensome regulations might be worthy of moderation, setting an arbitrary dollar threshold is likely to have many deleterious and (possibly) unintended consequences.; Lisa Maczura, Self: What are they afraid that regulators are going to see? Suspicious.; Connie Cockrell, Self: This shortsighted measure would kneecap the states' ability to regulate unaccountable, wasteful spending. A prime example is Arizona's universal ESA voucher program.; Pamela Chittenden, Self: Would restrict efforts for accountability; Katharine Donahue, Self: Just no. Unworkable.; Sarah Bihms LD29, Self: Oppose. Limiting Arizona agencies' regulatory powers will cripple the government's ability to implement necessary spending controls.; Lois Hansen, Self: this shortsighted measure would kneecap the ability to regulate unaccountable, wasteful spending; Karolyn Switzer, Self: This sounds like a bill just rife with potential unintended consequences. Our state agencies need a certain amount of autonomy since they're the ones who know what works best for their mandates.; Margaret Tinsley, Self: This is a ridiculous idea that will either double the workload of the legislature or ensure that nothing ever happens. Vote no.; Rivko Knox, Self: AZ already has a rule making process for public agencies that allows for public comment. This bill proposes an unworkable process that will hamstring governmental actions.; Rebel Rice, Self: Stop unneeded regulation, particularly when no one knows how many agencies this may affect.; Michael Levine, Self: This shortsighted measure would keep government ability to regulate unaccountable, wasteful spending,; Margaret Cordovano, Self: This change would make it more difficult for agencies to do their work. The agencies' members have more expertise in their area than the legislators. Their judgment in enacting rules to implement laws should be respected.; Kathryn Dorn, Self: This is not how to fix our stat'es budget problems. You know what *would* help? GETTING RID OF THE ESA VOUCHER PROGRAM.; Sebastian Aleman, Self: Legislative Liaison for OEO, deferring to Gina Flores Public Affairs Director for OEO. Thank you.

SB1165, pharmacy audit; procedures; prohibition

Testified in support:

Dianne McCallister, ARIZONA PHARMACY BUSINESS COUNCIL, AZ PHARMACY ASSOCIATION

Support:

Mark Boesen, representing self; Michelle Ahlmer, ARIZONA RETAILERS ASSOCIATION

Neutral:

Kelsey Lundy, Pharmaceutical Care Management Association (PCMA)

SB1171, real estate department; licensing; administration

Testified in support:

Marlee McCormick, AZ DEPT OF REAL ESTATE

SB1234, pharmacy board; virtual manufacturers

Testified in support:

Dianne McCallister, STRYKER SUSTAINABILITY SOLUTIONS

Support:
Mark Boesen, STRYKER SUSTAINABILITY SOLUTIONS

SB1291, residential contractor assessments; recovery fund

Testified as neutral:
Tom Cole, AZ REGISTRAR OF CONTRACTORS

Neutral:
Araceli Lopez, AZ REGISTRAR OF CONTRACTORS

All Comments:
Tom Cole, AZ REGISTRAR OF CONTRACTORS: Neutral with concerns. CEO of the Registrar of Contractors; Araceli Lopez, AZ REGISTRAR OF CONTRACTORS: Neutral with concerns

SB1343, agency review; rules; automatic expiration

Testified in support:
Jonathan Wolfson, representing self

Testified as neutral:
Marlee McCormick, AZ DEPT OF REAL ESTATE

Oppose:
Nicole Fordey, representing self

All Comments:
Jonathan Wolfson, Self: On behalf of Cicero Action

SB1634, nonhealth regulatory boards; challenges; prohibition

SCR1012, rulemaking; legislative ratification; regulatory costs

Support:
Scott Centorino, representing self; Stephen Shadegg, Americans For Prosperity Arizona; Allen Skillicorn - Personal Position , representing self; Lynn Ludwig, representing self; Teri Grunewald, representing self; James L Simpson, representing self; Mary Evelyn Simpson, representing self; deana corsa, representing self

Oppose:
Sandy Bahr, Sierra Club - Grand Canyon Chapter; Dave Long, representing self; Steve Ramos, representing self; Mary Pradelt, representing self; Denise Link, PhD, WHNP, representing self; Janet Larkin, representing self; Steven Linder, representing self; Peggie Jo Vincent, representing self; marilyn duerbeck, representing self; Maria Salvucci,

representing self; Beverly Janowitz-Price, representing self; Jeanne Casteen, representing self; Kenneth Bierman, representing self; Beatriz Urrea, representing self; Alisa McMahon, representing self; Michael Fiflis, representing self; Wes Oswald, representing self; Christina Mollica, representing self; Dianne Post, representing self; Cynthia Couture, representing self; Carol Maas, representing self; Sherrilynn James, representing self; Donita Ramos, representing self; Helen Kim, representing self; Kathryn Kaczmarek, representing self; Katherine Doman Sheydayi, representing self; Elizabeth Schauer, representing self; Barbara Oliver, representing self; Barbara Hutchinson, representing self; Christine Whitley, representing self; Becky Sayler, representing self; Susan Morris, representing self; Brent Gibbs, representing self; Alexei Sheydayl, representing self; Julie Golding, representing self; Christine Keitges, representing self; Beverlee Loat, representing self; Lawrence Peters, representing self; Linda Edwards, representing self; Kathy Fraser, representing self; Janet Senf, representing self; Kathy Pyner, representing self; Jocelyn Dustan, representing self; Marilyn Coyle, representing self; Penny Boone, representing self; Ralph Meredith, representing self; Gayle Meredith, representing self; Anne Leota Hart, representing self; Diane Lings, representing self; GARY LEW OLIVER, representing self; Valerie Policastro Edie, representing self; Margaret Adams , representing self; Mariette Francis, representing self; Jim Moran, representing self; Liana Moran, representing self; Martha O'Connor, representing self; Kathleen Dubbs, representing self; CAROL R BLACKMAN, representing self; Mary-Jeanne Fincher, representing self; Gail Prestera, representing self; Roxanna Kearns, representing self; Stephen Coyle, representing self; Jo Ann Caruthers, representing self; Michael Pyska, representing self; Vivian Harte, representing self; Norman Fuchs, representing self; Steve Gorman-Hackstadt, representing self; Dorothy Reed-Inman, representing self; Jason Backman, representing self; Rebecca Haynes, representing self; Mary Nelson, representing self; Caroline Anderson, representing self; Crystal Bazarnic, representing self; Gary Rulapaugh, representing self; Kathryn Anderson, representing self; Gail Bird, representing self; Charlotte Lis, representing self; leadawn anderton, representing self; William Yohey, representing self; Margaret Bruns, representing self; Robert Fisher, representing self; Barbara Larson, representing self; Jennifer Dawson, representing self; Sandra Rizzo, representing self; Patricia Edelen, representing self; Linda Block, representing self; Diane Klock, representing self; Lynn DeMuth, representing self; Diane McQueen, representing self; Theresa Paszkiewicz, representing self; ALICE BUCK, representing self; Pat Jayson, representing self; Robert Larson, representing self; Linda Paul, representing self; Lisa Koenig, representing self; Nancee K Wood, representing self; Kathleen Woessner, representing self; Jeanne Hardie, representing self; Claire Bickel, representing self; Jacqueline deSa, representing self; William Bowlus-Root, representing self; Nelson Morgan, representing self; Eric Kadel, representing self; Libby Stortz, representing self; Joseph Alexander, representing self; Nicole Fordey, representing self; Sharon Arnst, representing self; Lisa Maczura, representing self; Nancy Hancock, representing self; Pamela Chittenden, representing self; Shelley Stephenson, representing self; Sarah Bihms LD29, representing self; Julian Donahue, representing self; JOHN FIENE, representing self; Jerrold Borchardt, representing self; Marcia Tingley, representing self; Carol Campbell, representing self; Evan Deaubl, representing self; Lois Hansen, representing self; Cynthia Wagner, representing self; Karolyn Switzer, representing self; Kathleen Butler, representing self; Margaret Tinsley, representing self; Lori Taniguchi, representing self; Beth Ballmann, representing self; Rivko Knox, representing self; Frederick James, representing self; Patricia Brunner, representing self; Elissa Karn, representing self; Marie Williams, representing self; Kathleen Schanus-Gohl, representing self; Jill Anderson, representing self; Barbara Rodman, representing self; Christopher Cerrato, representing self; Alison Danis, representing self; Valarie Bryant, representing self; Nadya Laliberte, representing self; Denise Hudson, representing self; Michael Levine, representing self; Kathleen Sauer, representing self; RITA DEPUYDT, representing self; J Nicholas Prestera, representing self; Jan Perozeni Corbus, representing self; Srinivas Manne, representing self; Rebel Rice, representing self; Chris Allen, representing self; marcia stewart, representing self; Margaret Cordovano, representing self; Kathryn Dorn, representing self

All Comments:

Mary Evelyn Simpson, Self: YavGOP PC Gives the legislature some oversight and input into state agency rule making..; Beatriz Urrea, Self: This makes no sense at all!; Alisa McMahon, Self: Referring this to the ballot is a waste of taxpayer dollars.; Michael Fiflis, Self: This bill would unreasonably tie the hands of agencies to regulate and should be rejected.; Helen Kim, Self: I'd like to know how many rules the change may impact, and am disappointed the bill does not provide an estimate, as knowing how many bills may be impacted is important to know in determining how feasible requiring legislative ratification would be.; Barbara Oliver, Self: This bill costs too much!; Lawrence Peters, Self: Hampers agencies in regulating unaccountable, wasteful spending such as the ESA voucher program where some use it like piggybanks for spending having nothing to do with a child's education costs. Sponsor should answer how many rules this impacts; Kathy Pyner, Self: Do not clutter the ballot when you can win your way,; Penny Boone, Self: NO. Az agencies need their funding. MAGA needs to stop trying to manipulate them.; Mary-Jeanne Fincher, Self: The extraordinarily high number of ballot referrals being pushed this year could create chaos in the Nov election. Stop!; Jason Backman, Self: This law creates more work for an already overburdened legislature, and it will have negative unintended consequences.; Rebecca Haynes, Self: This shortsighted measure would kneecap official's ability to regulate unaccountable, wasteful spending, a prime example of which is the universal ESA voucher program.; Jennifer Dawson, Self: shortsighted measure would kneecap Hobbs and Mayes' ability to regulate unaccountable, wasteful spending. Like SB1153. Similar bill VETOED last year.; Patricia Edelen, Self: This measure would kneecap state government's ability to regulate unaccountable, wasteful spending.; Nelson Morgan, Self: The arbitrary monetary threshold would have unintended consequences. If there is an inappropriate regulation it should be handled individually.; Lisa Maczura, Self: Mind your own beeswax as my relatives used to say. Overreach.; Sarah Bihms LD29, Self: "SCR1012: Oppose SCR1012 for creating an unnecessary bureaucratic hurdle that could impede beneficial regulatory progress in Arizona.; JOHN FIENE, Self: The agencies have the expertise to craft their own rules. The Legislature does not exude much intelligence that I can trust.; Lois Hansen, Self: this shortsighted measure would kneecap the ability to regulate unaccountable, wasteful spending; Karolyn Switzer, Self: This sounds like a bill just rife with potential unintended consequences. Our state agencies need a certain amount of autonomy since they're the ones who know what works best for their mandates.; Margaret Tinsley, Self: This seems very unrealistic and unnecessary. Please vote no.; Rivko Knox, Self: Stop cluttering up the ballot!! Also, please stop micromanaging government agencies!! Our complex society can not function if the Leg has to ratify all regulations, which already require a public comment period.; Michael Levine, Self: Please stop cluttering up my ballot.; Rebel Rice, Self: No need to send to voters. You have been elected to approve state and agency funding. Perhaps it is time to be working on that important obligation.; Margaret Cordovano, Self: This change would make it more difficult for agencies to do their work. The agencies' members have more expertise in their area than the legislators. Their judgment in enacting rules to implement laws should be respected.

ARIZONA STATE LEGISLATURE
Fifty-sixth Legislature - Second Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON **REGULATORY AFFAIRS**

CHAIRMAN: Laurin Hendrix VICE-CHAIRMAN: Cory McGarr

	DATE	03/13/24	/24	/24	/24	/24
	CONVENED	2:28pm	m	m	m	m
	RECESSED					
	RECONVENED					
	ADJOURNED	3:41pm				
MEMBERS						
Crews		✓				
Hernandez A		✓				
Liguori		✓				
Payne		✓				
Peña		✓				
McGarr, Vice-Chairman		✓				
Hendrix, Chairman		✓				

√ Present --- Absent exc Excused

Attachment 3

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: GOV DP 5-2-1-0 | 3rd Read 16-10-4-0

SB 1153: regulatory costs; rulemaking; legislative ratification
Sponsor: Senator Kern, LD 27
Committee on Regulatory Affairs

Overview
Prescribes the requirements for specified proposed rules to be ratified by the Legislature before enactment.

History
The mission of OEO is to expand economic opportunities for people in Arizona by leading the analysis and evaluation of Arizona's population and economy and investing in communities to power the state's economic growth (OEO).

Statute designates AROC to oversee the adoption of rules by state agencies. The 11-member committee includes: 1) five members of the House of Representatives appointed by the Speaker; 2) five members of the Senate appointed by the President; 3) the Governor or designee. Legislative Council serves as the staff for AROC (A.R.S.§ 41-1046).

Statute prohibits state agencies from conducting rulemaking without prior written approval of the Governor. State agencies may not adopt any new rule that would increase existing regulatory burdens on the free exercise of property rights or the freedom to engage in lawful business or occupation unless: 1) the rule reduces regulatory restraints or burdens; or 2) is necessary to implement statutes or is required by a final court order or decision (A.R.S. § 41-1038 et al.).

Provisions
1. Directs an agency to submit a proposed rule to OEO for review if the rule is estimated to increase state regulatory costs by more than $100,000 within 5 years after implementation. (Sec. 1)
2. Stipulates that if the OEO confirms the estimated regulatory costs will increase by more than $500,000 within 5 years after the proposed rule's implementation, then the rule may not become effective until the Legislature ratifies the proposed rule. (Sec. 1)
3. Instructs OEO to submit the proposed rule to AROC no later than 30 days before the next regular legislative session. (Sec. 1)
4. Requires AROC to submit the proposed rule to the Legislature when practicable. (Sec. 1)
5. Authorizes any legislator to sponsor legislation to ratify the proposed rule, which is exempt from the statute relating to the time and manner of rulemaking. (Sec. 1)
6. Prohibits an agency from filing a final rule with the Secretary of State before obtaining legislative approval through legislation ratifying the proposed rule. (Sec. 1)

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

7. Requires an agency to publish a *notice of termination* in the register and terminate the proposed rulemaking if the Legislature does not enact legislation to ratify the proposed rule during the current legislative session.
8. Allows a person who is regulated by an agency proposing a rule or a legislator to request OEO to review the rule.
9. Excludes emergency rulemaking from the legislative ratification requirements. (Sec. 1)
10. States that, beginning on the general effective date, a rule is void and unenforceable unless the rule is ratified as prescribed. (Sec. 1)
11. Excludes the Arizona Corporation Commission from the requirements of legislative ratification of proposed rules. (Sec. 1)

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

ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1153

DATE March 13, 2024 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Crews			✓		
Hernandez A			✓		
Liguori			✓		
Payne		✓			
Peña		✓			
McGarr, Vice-Chairman		✓			
Hendrix, Chairman		✓			
		4	3	0	0

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 5

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: GOV DP 5-2-1-0 | 3rd Read 16-13-1-0

SCR1012: rulemaking; legislative ratification; regulatory costs
Sponsor: Senator Kern, LD 27
Committee on Regulatory Affairs

Overview
Submits a proposition regarding legislative ratification of proposed rules to the voters.

History
The mission of the Office of Economic Opportunity (OEO) is to expand economic opportunities for people in Arizona by leading the analysis and evaluation of Arizona's population and economy and investing in communities to power the state's economic growth (OEO).

The Administrative Rules Oversight Committee (AROC) has authority to review any proposed or final rule for conformity with statute and legislative intent. AROC additionally receives complaints concerning statutes, rules, agency practices and substantive policy statements that are alleged to be duplicative or onerous and may hold hearings regarding the allegations (A.R.S. §§ 41-1047, 41-1048).

Provisions
1. Directs an agency to submit a proposed rule to OEO for review if the rule is estimated to increase state regulatory costs by more than $100,000 within five years after implementation.
2. Specifies that when OEO confirms a proposed rule is estimated to increase state regulatory costs by more than $500,000 within five years after the rule's implementation, the rule becomes effective only when the Legislature ratifies the proposed rule.
3. Instructs OEO to submit the proposed rule to AROC no later than 30 days before the next regular legislative session.
4. Stipulates that AROC must submit the proposed rule to the Legislature as soon as practicable.
5. Authorizes any member of the Legislature to introduce legislation to ratify the proposed rule and exempts the proposed rule from statute relating to the time and manner of rulemaking.
6. Prohibits an agency from filing a final rule with the Secretary of State before obtaining legislative approval through legislation ratifying the proposed rule.
7. Requires an agency to publish a notice of termination in the register and terminate the proposed rulemaking if the Legislature does not enact legislation to ratify the proposed rule during the current legislative session.

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

8. Allows a person who is regulated by an agency proposing a rule or a legislator to request OEO to review the rule.
9. Exempts emergency rules adopted pursuant to statute from the legislative ratification requirements on rulemaking.
10. States that, beginning on the general effective date, a rule is void and unenforceable unless the rule is ratified as prescribed.
11. Excludes the Arizona Corporation Commission from the requirements of legislative ratification of proposed rules.
12. Directs the Secretary of State to submit this proposition to the voters at the next general election.

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

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

ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SCR 1012

DATE March 13, 2024 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Crews			✓		
Hernandez A			✓		
Liguori			✓		
Payne		✓			
Peña		✓			
McGarr, Vice-Chairman		✓			
Hendrix, Chairman		✓			
		4	3	0	0

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 7

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: HHS DPA 5-1-1-0 | 3rd Read 24-4-2-0

SB 1021: scope of practice; process; repeal
Sponsor: Senator Shope, LD 16
Committee on Regulatory Affairs

Overview

Removes the requirement that health professional groups proposing to increase the scope of practice of a state-regulated health profession must complete a statutory sunrise review.

History

Currently, statute provides that a health profession must be regulated by this state only if:

1) there is credible evidence that the unregulated practice of that health profession can clearly harm or endanger the public health, safety or welfare and the potential for harm is easily recognizable and not remote or dependent on tenuous argument;
2) the public needs and can reasonably be expected to benefit from an assurance of initial and continuing professional ability; and
3) the public cannot be effectively protected by other means in a more cost-effective manner (A.R.S. § 32-3103).

A health professional group may file a sunrise application if they would like to be regulated or expand their current scope of practice. Specifically, a health professional group proposing to expand their scope of practice must submit the application that addresses the statutorily prescribed factors and submit it to the President of the Senate and Speaker of the House of Representatives by November 1 before the start of the legislative session.

The President of the Senate and Speaker of the House of Representatives may assign the application to the Senate Health and Human Services Committee and the House of Representatives Health & Human Services Committee or their respective successor committees to review the report. The legislative committees may hold informational hearings on the application and take public comments before the legislative session convenes but must not vote on whether to accept or reject the application.

The health professional group may also request an informational hearing and introduce legislation in the legislative session regardless of if an informational hearing is conducted or if any comments were received during the informational hearing. The lack of a hearing must not be considered as either support or rejection of the health professional group's proposed legislation. Sunrise applications that are submitted are not required to be resubmitted for five years, unless there is a material change in the increased scope of practice (A.R.S. §§ 32-3104, 32-3105 and 32-3106).

Provisions

1. Repeals the requirement that health professional groups seeking to increase the scope of practice for a state-regulated health profession must complete a statutory sunrise review. (Sec. 3, 4)

2. Outlines criteria that the Legislature must consider for proposed legislation to increase the scope of practice of a health professional group:
   a) whether current education and training, preparedness or available continuing education and training for the health professional group adequately prepares members of the profession for the proposed increased scope;
   b) whether increasing the scope of practice will improve patient access to safe and affordable care;
   c) whether increasing the scope of practice will advance health, safety or welfare; and
   d) whether increasing the scope of practice will create a substantial regulatory burden for the state, including the administrative and financial capacity of the regulatory entity that regulates the health professional group. (Sec. 4)
3. Instructs a health professional group seeking an increase in the scope of practice, within 10 days of introduction of proposed legislation or an amendment for expansion, to provide written notification to the health profession's regulatory entity. (Sec. 4)
4. Deems it is the Legislature's intent to preserve the health and safety of Arizonans and ensure that Arizonans only receive health care services from qualified providers. (Sec. 6)
5. Declares that the Legislature reserves the right to reinstate the sunrise review process at any time if its elimination demonstrably lessens the quality of health care in Arizona. (Sec. 6)
6. Defines *increase the scope of practice*. (Sec. 4)
7. Modifies the term *health professional group*. (Sec. 1)
8. Makes technical and conforming changes. (Sec. 1-4)

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

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

ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1021

DATE March 13, 2024 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Crews			✓		
Hernandez A		✓			
Liguori			✓		
Payne		✓			
Peña		✓			
McGarr, Vice-Chairman		✓			
Hendrix, Chairman		✓			
		5	2	0	0

Julie Ryan
COMMITTEE SECRETARY

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

ATTACHMENT 9

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: FICO DPA 6-0-1-0 | 3rd Read DPA 26-0-4-0

SB 1171: real estate department; licensing; administration
Sponsor: Senator Shope, LD 16
Committee on Regulatory Affairs

Overview
Amends statute pertaining to the Arizona Department of Real Estate (ADRE).

History
The ADRE was established in 1921 to protect public interest through the licensure and regulation of the real estate profession in Arizona. The Department:

1) issues licenses;
2) provides oversight for real estate brokers and salespersons, real estate schools, residential developments, timeshares, cemeteries, and membership campgrounds;
3) is responsible for investigations, enforcement, and compliance; and
4) provides a venue for homeowners and homeowners associations to resolve disputes (Laws 1921, Chapter 160, A.R.S. § 32-2102).

The ADRE is directed by the Real Estate Commissioner (Commissioner), who is appointed by and serves at the pleasure of the Governor. The responsibilities of the Commissioner include the following:

1) administering the department;
2) preparing and distributing educational materials for licensees and the public;
3) managing a real estate education revolving fund; and
4) adopting rules for chapter compliance (A.R.S. § 32-2107).

The Real Estate Advisory Board (Board) provides recommendations to the Commissioner and is also required to provide an annual evaluation to the Governor describing the performance of the Commission and the ADRE. The Board consists of 10 members, appointed by the Governor to six-year terms (A.R.S. § 32-2104).

Provisions

Commissioner

1. Clarifies that the Commissioner cannot act as a broker, salesperson or agent *of any real estate or brokerage firm*. (Sec. 3)
2. Removes the requirement that the Commissioner must issue a new license upon an employing broker's notice of a change of business location or statutory agent. (Sec. 10)
3. States that if a licensee applies to change the license status to active, the Commissioner may require the licensee to complete continuing education credit hours before activating the license. (Sec. 12)
4. Requires the Commissioner to have an applicant whose license has been inactive for more than 15 years successfully pass a state-specific examination before activating the license. (Sec. 12)

ADRE

5. Allows ADRE to suspend a license if the licensee's fingerprint clearance card is suspended and either:
   a) the Commissioner denies the application on the basis that the licensee was convicted of the alleged crime causing the suspension; or
   b) the licensee fails to submit sufficient evidence to prove the individual applied for a good cause exception within five business days after being notified by ADRE. (Sec. 4)
6. Removes the requirement for ADRE to contact the Arizona Military Airspace Working Group to request contact information and instead directs ADRE to post the information on their website. (Sec. 5)
7. Instructs the ADRE to send a notice to a licensee with an inactive license one year before the license becomes inactive for more than 15 years. (Sec. 12)

Board

8. Modifies the membership of the Board to include the following:
   a) one member who has been engaged in a commercial real estate brokerage for the five years immediately preceding the appointment;
   b) one member who has been engaged in timeshare, campground or cemetery sales for the five years immediately preceding the appointment;
   c) one member who has been primarily engaged in subdividing real property for the five years immediately preceding the appointment; and
   d) one member who has been an active school administrator or approved instructor for the five years immediately preceding the appointment. (Sec. 2)
9. Specifies all persons serving as members of the Board may continue to serve until the expiration of their term. (Sec. 24)

Broker Responsibilities

10. Prohibits an entity from:
    a) assuming representation for new clients while a new license is pending or until a new designated broker is added to the entity's license; and
    b) having a person named as the designated broker on the license if the person is or was named as a designated broker on any other license in this state or another state and if any of the specified circumstances apply. (Sec. 8)
11. Authorizes a nonresident broker to use online recordkeeping if the data is backed up and the nonresident broker provides the online recordkeeping provider's contact information to the ADRE. (Sec. 9)
12. Requires an employing broker to have and maintain a definite place of business or an active and valid statutory agent on file with the Corporation Commission. (Sec. 10)
13. Stipulates that the employing broker must notify the ADRE of the definite place of business or the valid statutory agent. (Sec. 10)
14. Adds that if a broker engages in property management activities, the broker must complete a broker management clinic that is designed to teach proficiency in property management. (Sec. 15)
15. Modifies requirements pertaining to a broker's completion of a monthly reconciliation between the trust fund account bank statements, client ledgers and trust fund account ledgers. (Sec. 16)

16. States that a variation in account balances caused by specified acts or omissions is a violation of statute. (Sec. 16)

17. Requires all property management accounts to be designated as trust accounts on the broker's records. (Sec. 20)

18. Removes the requirement that a property management account must include descriptive wording in the trust account title. (Sec. 20)

Application and Licensing Requirements

19. Strikes the requirement for a broker or salesperson's license application to include information pertaining to the applicant's employment history. (Sec. 6)

20. Removes the requirement for a licensee to have available for use, a copy of the real estate laws and rules. (Sec. 6)

21. Specifies that the examination administered for a real estate broker's license must be proctored. (Sec. 7)

22. Makes modifications to the state-specific examination requirements for a broker license applicant or salesperson license applicant who does not reside in Arizona. (Sec. 9)

23. Specifies that a licensee with an inactive license is not required to complete continuing education credit hours during the period that the license is inactive. (Sec. 12)

Miscellaneous

24. Defines pertinent terms. (Sec. 1, 4)

25. Makes technical changes. (Sec. 1-18, 21-23)

26. Makes conforming changes. (Sec. 1, 2, 6, 8, 16, 19)

27. Replaces the term *online course* with *distance learning course*. (Sec. 7, 13, 14)

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

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

ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1171

DATE March 13, 2024 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Crews		✓			
Hernandez A		✓			
Liguori		✓			
Payne		✓			
Peña		✓			
McGarr, Vice-Chairman		✓			
Hendrix, Chairman		✓			
		7	0	0	0

COMMITTEE SECRETARY

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

ATTACHMENT 11

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: FICO DPA 5-0-2-0 | 3rd Read DPA 27-0-3-0

SB 1165: pharmacy audit; procedures; prohibition
Sponsor: Senator Shamp, LD 29
Committee on Regulatory Affairs

Overview
Outlines specified provisions that an auditing entity must comply with when conducting a wholesale invoice audit. Prohibits an auditing entity from retroactively reducing the amount of a claim payment unless specified criteria apply.

History
Statute outlines the procedures for in-person and desktop audits performed by an auditing entity working on behalf of an insurer or Pharmacy Benefits Manager (PBM) for the purposes of auditing drug claims adjudicated by pharmacies. The auditing entity must deliver a preliminary audit report to the pharmacy within 60 days after the conclusion of the audit. A pharmacy is allowed at least 30 days after receipt of the preliminary audit to provide documentation to address any discrepancy found in the audit. Unless otherwise required by state or federal law, audit information may not be shared with any entity other than the insurer on whose behalf the audit was conducted (A.R.S. § 20-3322, 20-3323).

The Department of Insurance and Financial Institutions (DIFI) regulates and monitors insurance companies and professionals operating in Arizona to protect the public and help ensure that these entities follow Arizona and federal laws (Ariz. Const. § 15-5). Beginning January 1, 2025, PBMs must apply and pay a fee to DIFI for a valid certificate of authority to operate as a PBM who performs services for a health plan subject to state jurisdiction (A.R.S. § 20-3333). A PBM is a person, business or entity that manages the prescription drug coverage provided by a contracted insurer or other third-party payor. Responsibilities include the processing and payment of claims for prescription drugs, the performance of drug utilization review, the processing of drug prior authorization requests, the adjudication of appeals related to prescription drug coverage, contracting with network pharmacies and controlling the cost of covered prescription drugs (A.R.S. § 20-3321).

Provisions
1. Prohibits an auditing entity from conducting an audit on the pharmacy claims of another auditing entity when conducting a wholesale invoice audit. (Sec. 1)
2. Instructs an auditing entity to comply with the following provisions when conducting a wholesale invoice audit:
   a) reverse a finding of discrepancy if the pharmacist or pharmacy dispensed the correct quantity of a drug according to the prescription and either of the specified circumstances apply;
   b) accept any of the specified documentation as a presumption of validity to support the pharmacy's claim related to the purchase of a dispensed drug; and

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

c) provide any supporting documentation that the pharmacy supplier provided to the auditing entity no later than 10 business days after receiving the pharmacy's request. (Sec. 1)

3. States that an auditing entity cannot, directly or indirectly, retroactively reduce the amount of a claim payment to a pharmacist or a pharmacy after adjudication of the claim for a prescription drug unless any of the specified circumstances apply. (Sec. 1)
4. Clarifies that an auditing entity, insurer or PBM is not prohibited from increasing the amount of a claim payment after adjudication of the claim. (Sec. 1)
5. Makes technical changes. (Sec. 1)

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

ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1165

DATE March 13, 2024 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Crews		✓			
Hernandez A					✓
Liguori		✓			
Payne		✓			
Peña		✓			
McGarr, Vice-Chairman		✓			
Hendrix, Chairman		✓			
		6	0	0	1

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 13

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: HHS DP 7-0-0-0 | 3rd Read 25-2-3-0

SB 1234: pharmacy board; virtual manufacturers
Sponsor: Senator Shamp, LD 29
Committee on Regulatory Affairs

Overview

Prescribes requirements for *virtual manufacturers* to comply with Current Good Manufacturing Practice (CGMP) regulations and includes applicable requirements for when a contracted manufacturer is in another country.

History

The United States Food and Drug Administration monitors drug manufacturers for compliance with its Current Good Manufacturing Practice (CGMP) regulations to ensure the quality of drug products. CGMP regulations consist of minimum requirements for the methods, facilities and controls for the manufacturing, processing and packaging of drug products. For a new and generic drug to enter the market, the FDA must determine whether the manufacturer complies with CGMP regulations (CGMP).

Virtual manufacturers are required to ensure that the facility is inspected when an initial or renewal application for determining the contracted manufacturer's CGMP compliance if the manufacturer is in another country. *Virtual manufacturer* includes own-label distributors that contract with a manufacturer to produce a drug or device and with another entity to package and label the drug or device, which then is sold under the name of the distributor or another name (A.A.C. R4-23-110)

The State Board of Pharmacy (Board) regulates the practice of pharmacy to protect the health safety and welfare of Arizona citizens. The Board is authorized to issue specified permits in the field of pharmacy which include: 1) a pharmacy permit; 2) a drug manufacturer's permit; 3) a drug packager or drug prepackager permit; and 4) a durable medical equipment or compressed medical gas distributor or supplier permit. The Board is tasked with prescribing and furnishing the requirements for a pharmacy permit application. Statute outlines the grounds for the denial or revocation of a pharmacy permit by the Board (A.R.S. §§ 32-1929, 32-1930).

Provisions

1. Defines *virtual manufacturer* as an entity that:
   a) contracts for the manufacture of a device including private label distributors;
   b) owns either the FDA new drug application or abbreviated drug application number for a drug or the unique FDA device identification number for a prescription device;
   c) does not physically manufacture the drug or device; and
   d) contracts with an FDA registered manufacturer for the physical manufacture of the drug or device. (Sec. 1)

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

2. Requires a *virtual manufacturer* located in Arizona or any other jurisdiction, that is responsible for the shipment of prescription drugs or devices into Arizona, to make professionally reasonable efforts to ensure that FDA registered manufacturing entity complies with applicable CGMP regulations. (Sec. 2)
3. Directs *virtual manufacturers* of prescription drugs to contract with a permitted drug manufacturer in Arizona unless the contracted manufacturer is located in another country. (Sec. 2)
4. Makes conforming changes. (Sec. 1)

I am offering a VERBAL amendment to ***SB 1234*** as follows:

"Page 13, Line 36, after "state" strike remainder of line; insert a period

Strike line 37

Amend title to conform"

Adopted ✓ # of Verbals 1

Failed _____ Withdrawn _____

Not Offered ____ Analysts Initials ___

Attachment 15

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

ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1234

DATE March 13, 2024 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Crews		✓			
Hernandez A					✓
Liguori		✓			
Payne		✓			
Peña		✓			
McGarr, Vice-Chairman			✓		
Hendrix, Chairman		✓			
		5	1	0	1

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 16

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: GOV DPA/SE 4-2-2-0 | 3rd Read 16-12-2-0

SB 1120: ~~consumer fraud; unlawful practices~~
NOW: occupational regulations; complaints
Sponsor: Senator Wadsack, LD 17
Committee on Regulatory Affairs

Overview

Permits an agency or occupational association with disciplinary authority over its members to investigate a complaint or take enforcement action only if the complainant has a substantial nexus to the person who is the subject of the complaint.

History

Statute limits *occupational regulations* to those necessary to fulfill a public health, safety or welfare concern. If an individual is harmed by an *occupational regulation*, the person may petition the agency to repeal or modify the regulation. Within 90 days after the petition filing, the agency must: 1) repeal or modify the regulation; 2) suggest legislative action to bring the regulation into compliance with current law; or 3) state the basis for why the regulation complies with statute (A.R.S. §§ 41-1093.01, 41-1093.02).

Further, current law permits an individual to file an action in a court of general jurisdiction to challenge an occupational regulation and the court must find by a preponderance of the evidence that the challenged occupational regulation *"burdens the entry into or participation in an occupation, trade or profession and that this state has failed to prove by a preponderance of the evidence that the challenged occupational regulation is demonstrated to be necessary to specifically fulfill a public health, safety or welfare concern."* Statute directs the court to enjoin further enforcement of the occupational regulation and award the plaintiff with reasonable attorney's fees and costs. (A.R.S. § 41-1093.03).

Black's Law Dictionary defines *nexus* as a point of casual intersection, link, relation or connection.

Provisions

1. States that regardless of any other law, an agency or occupational association with disciplinary authority over its members may only investigate a complaint and take disciplinary or enforcement action if the complainant has a substantial nexus with the individual who is the subject of the complaint. (Sec. 1, 2)

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

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

ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1120

DATE March 13, 2024 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Crews			✓		
Hernandez A					✓
Liguori			✓		
Payne		✓			
Peña		✓			
McGarr, Vice-Chairman		✓			
Hendrix, Chairman		✓			
		4	2	0	1

Julie Ryan
COMMITTEE SECRETARY

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

ATTACHMENT 18

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: FICO DP 4-2-1 | 3rd Read 16-9-5-0

SB 1291: residential contractor assessments; recovery fund
Sponsor: Senator Hoffman, LD 15
Committee on Regulatory Affairs

Overview

Lowers the maximum amount that the Registrar of Contractors (ROC) can charge for an initial or renewal biennial assessment by 50% when the amount in the Residential Contractors' Recovery Fund (Recovery Fund) exceeds $15,000,000.

History

The ROC licenses and regulates residential and commercial contractors, investigates complaints against contractors, is authorized to suspend or revoke licenses, conduct hearings, issue citations and assess civil penalties. The ROC is permitted to charge application and license fees for the issuance and renewal of specified biennial contracting licenses. Statute requires an applicant for an initial or renewal contractor license to pay an assessment that cannot exceed $600 (Title 32, Chapter 10, A.R.S.).

The Recovery Fund is administered by the ROC for the benefit of claimants damaged by an act, representation, transaction or conduct of a licensed registered contractor that is in violation of statutory rules or regulations relating to contractors. The following claimants are eligible for awards from the Recovery Fund for damages to a residential real property damaged by the failure of a residential contractor to adequately build or improve a residential structure or appurtenance: 1) individuals that own and occupy or intend to occupy the residential real property; 2) a limited liability company that owns the residential real property and the property is occupied by one of the company's members; 3) a revocable living trust that owns the residential real property and whose trustors occupy or intend to occupy the property; 4) a planned community or condominium owners' association; and 5) a lessee that occupies or intends to occupy the residential real property and contracts directly with a residential contractor or indirectly with a subcontractor of the residential contractor. An award from the recovery fund cannot exceed the actual damages suffered by the claimant. The maximum amount an individual claimant can be awarded from the Recovery Fund is $30,000 (A.R.S. §§ 32-1132, 32-1132.01).

Provisions

1. Changes the current $600 biennial assessment amount that is paid into the Recovery Fund for residential contracting as follows:
   a) an assessment of $370 for an initial license; and
   b) an assessment of $270 for a license renewal. (Sec. 1)

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

2. States that if the Recovery Fund exceeds $15,000,000 at the end of the fiscal year (FY), then the assessments reduce by 50% until the total in a subsequent FY is less than $10,000,000 at which time the 100% assessment is reinstated. (Sec. 1)
3. Makes technical and conforming changes. (Sec. 1)

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

ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1291

DATE March 13, 2024 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Crews			✓		
Hernandez A					✓
Liguori			✓		
Payne		✓			
Peña		✓			
McGarr, Vice-Chairman		✓			
Hendrix, Chairman		✓			
		4	2	0	1

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 20

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: GOV DPA 5-2-1-0 | 3rd Read 16-12-2-0

SB 1343: agency review; rules; automatic expiration
Sponsor: Senator Petersen, LD 14
Committee on Regulatory Affairs

Overview
Outlines requirements relating to agency review of rules.

History
Under the Administrative Procedures Act (APA), the established Governor's Regulatory Review Council (GRRC) retains the authority to approve or disapprove any agency's proposed rule, the preamble to the rule and the economic, small business and consumer impact statement for the rule (A.R.S. § 41-1052).

The APA is a group of statutes that governs how state agencies do rule making. Statute defines *Rule* as an agency's assertion that implements, interprets and prescribes policy and its procedures, excluding non-delegation agreements (Title 41, Chapter 6, A.R.S.).

Current law states that if an agency fails to submit a report, file an extension before the due date of the report or files an extension and does not submit its report within the extension period, the rule scheduled for review will expire and directs GRRC to:

1) cause a notice to be published in the next register that states that the rule has expired and is no longer enforceable;
2) notify the Secretary of State that the rule has expired and needs to be removed from the code; and
3) notify the agency the rule has expired and is no longer enforceable (A.R.S. § 41-1056).

Provisions

1. Prescribes that any analysis performed as part of a review of an agency rule that examines the economic impact, compliance, implementation or other costs of the rule, to the greatest extent possible must use actual impacts and costs from the past five years the rule has been in effect, as the basis for any calculation rather than only using estimated impacts and costs. (Sec. 3)
2. Stipulates that any rule regarding occupational licenses adopted by an agency must automatically expire at the conclusion of the five-year review, unless the agency performs a review pursuant to statute and does the following:
   a) readopts the code chapter;
   b) publishes an evaluation of the burdens on similar occupational licenses in all states that border Arizona and justifies any instance where Arizona imposes a greater burden on a licensee than any neighboring states; and
   c) publishes a report available on the agency's website that includes analyses and responses to public comments. (Sec. 3)

3. Exempts rules that are required to comply with federal law or receive federal monies from automatic expiration. (Sec. 3)
4. Applies current statue relating to the expiration of a rule to an occupational licensing agency that has not timely adopted its rules. (Sec. 3)
5. Makes technical and conforming changes. (Sec. 1-3)

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

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

ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1343

DATE March 13, 2024 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Crews			✓		
Hernandez A					✓
Liguori			✓		
Payne		✓			
Peña		✓			
McGarr, Vice-Chairman		✓			
Hendrix, Chairman		✓			
		4	2	0	1

Julia Ryle
COMMITTEE SECRETARY

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

ATTACHMENT 22

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: GOV DPA 4-3-1-0 | 3rd Read DPA 16-13-1-0

SB 1634: nonhealth regulatory boards; challenges; prohibition
Sponsor: Senator Hoffman, LD 15
Committee on Regulatory Affairs

Overview

Amends statute pertaining to final administrative decisions to include a Nonhealth Profession Regulatory Board (Board).

History

Statute requires an agency to serve notice of an appealable agency action or contested case. A party may obtain a hearing on an appealable agency action or contested case by filing a notice of appeal or request for a hearing with the agency within 30 days after receiving the notice. The agency must notify the Office of Administrative Hearings (Office) of the appeal or request for a hearing and the Office then schedules a hearing (A.R.S. § 41-1092.03).

The process for judicial review of an agency action allows the court to affirm, reverse, modify or vacate the agency action after reviewing the administrative record and evidence presented at the hearing. The court must affirm the agency action unless it is found that the agency's action is contrary to law, not supported by substantial evidence, arbitrary or an abuse of discretion. In a proceeding brought by or against the regulated party, the court shall decide the following, without deference to any previous determination that may have been made by the agency:

1) all questions of law, including the interpretation of a constitutional or statutory provision or a rule adopted by an agency; and
2) all questions of fact (A.R.S. § 12-910).

Costs may be awarded to the appellee agency if a judgment adverse to the appellant is rendered. Such costs may be awarded in an amount deemed reasonable by the superior court, based on the expense the appellee agency has incurred in preparing the record of the proceedings before judicial review. The final judgment of the superior court entered in an action to review a decision of an administrative agency may be appealed to the Arizona Supreme Court (A.R.S. § 12-912, 12-913).

Provisions

1. Specifies that the Board's decision is the final administrative decision unless the regulated person accepts the ALJ's decision instead. (Sec. 1)
2. Prohibits the Board from appealing the final administrative decision to the superior court. (Sec. 1)
3. Instructs Legislative Council to prepare conforming legislation for the next legislative session. (Sec 2)

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

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

ROLL CALL VOTE

COMMITTEE ON Regulatory Affairs BILL NO. SB 1634

DATE March 13, 2024 MOTION: Held

	PASS	AYE	NAY	PRESENT	ABSENT
Crews					
Hernandez A					
Liguori					
Payne					
Peña					
McGarr, Vice-Chairman					
Hendrix, Chairman					

APPROVED:

LAURIN HENDRIX, Chairman
CORY MCGARR, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 24