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

COMMITTEE ON COMMERCE

Report of Regular Meeting
Tuesday, March 12, 2024
House Hearing Room 3 -- 2:00 P.M. OR UPON RECESS OR ADJOURNMENT OF FLOOR

Convened 3:07 A.M.
Recessed
Reconvened
Adjourned 3:59 A.M.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE
3/13/24

Members Present
Representative Aguilar
Representative Austin
Representative Carter
Representative Gress
Representative Heap
Representative Hendrix
Representative Lucking
Representative Ortiz
Representative Carbone, Vice-Chairman
Representative Wilmeth, Chairman

Members Absent

Agenda
Original Agenda – Attachment 1

Request to Speak
Report – Attachment 2

Committee Attendance
Report – Attachment 3

Presentations

Name	Organization	Attachments (Handouts)
Hannah Weissman	Code.Org	4

Committee Action

Bill	Action	Vote	Attachments
SB1034	DPA	9-0-0-1	5, 6, 7
SB1070	DP	9-0-0-1	8, 9
SB1218	DP	9-0-0-1	10, 11
SB1432	DP	10-0-0-0	12, 13
SB1366	DP	6-4-0-0	14, 15

Susan Hughes
Susan Hughes, Committee Secretary
March 13, 2024

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

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

CONVENED: 3:07pm

ADJOURNED: 3:59pm

REGULAR MEETING AGENDA

COMMITTEE ON COMMERCE

DATE Tuesday, March 12, 2024 ROOM HHR 3 TIME 2:00 P.M. or upon recess or adjournment of Floor

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2024031038

Members:

Representative Aguilar	Representative Heap	Representative Ortiz
Representative Austin	Representative Hendrix	Representative Carbone, Vice-Chairman
Representative Carter	Representative Lucking	Representative Wilmeth, Chairman
Representative Gress		

- Presentation:
  - *The State of Computer Science* - Hanna Weissman, code.org

	Bills		Short Title	Strike Everything Title
1	**SB1034	DPA	revenue department; technical correction(now: money transmission; notice)	
			(Shope)	
		9.0.0.1		
2	**SB1070	DP	virtual credit cards; payment method	
			(Shope)	
		9.0.0.1		
3	**SB1218	DP	exclusive agreements; residential property sales	
			(Kavanagh)	
		9.0.0.1		
5	*SB1366	DP	regulatory sandbox; blockchain	
			(Bolick: Fernandez, Wilmeth)	
		6.4.0.0	COM held 0-0-0-0-0, RULES	
4	SB1432	DP	unlawful restrictive covenants; uniform act..	
			(Mesnard: Epstein)	
		10.0.0.0	COM, RULES	

* On previous agenda
** If first read and assigned

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

VC
03/06/2024

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

Attachment 1

Information Registered on the Request to Speak System

House Commerce (3/12/2024)

SB1034, revenue department; technical correction (NOW: money transmission; notice)

Support:
Ryan O'Daniel, MATCH GROUP

Oppose:
Bonnie Oakes, representing self

SB1070, virtual credit cards; payment method

Support:
Jenni Harris, representing self

All Comments:
Jenni Harris, Self: This bill facilitates additional payment options.

SB1218, exclusive agreements; residential property sales

SB1366, regulatory sandbox; blockchain

Support:
Allen Skillicorn - Personal Position , representing self

Oppose:
Sandy Bahr, Sierra Club - Grand Canyon Chapter; Dave Long, representing self; Steve Ramos, representing self; Denise Link, PhD, WHNP, representing self; Steven Linder, representing self; Judith Robbins, representing self; Peggie Jo Vincent, representing self; marilyn duerbeck, 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, representing self; Cynthia Couture, representing self; Carol Maas, representing self; Sherrilynn James, representing self; Karen Cusano, representing self; Donita Ramos, representing self; Catherine Sigmon, representing self; Kathryn Kaczmarek, representing self; Katherine Doman Sheydayi, representing self; Elizabeth Schauer, representing self; Charlie Silver, 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; Robin LaVoie, 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; Angela J. Miller, 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; 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; Rebecca Haynes, representing self; Mary Nelson, representing self; Caroline Anderson, representing self; John Neville, representing self; Saher Afzal, representing self; Gary Rulapaugh, representing self; Kathryn Anderson, 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; Alice Patricia Price, 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; Loretta O'Connor, representing self; Marie Williams, representing self; Cynthia Wagner, representing self; Nadine Smith, representing self; Nancy Hancock, representing self; Kathleen Schanus-Gohl, representing self; Claire Bickel, representing self; Carol Waymire, representing self; Nelson Morgan, representing self; Robert Larson, representing self; Shelley Stephenson, representing self; Joseph Alexander, representing self; J Nicholas Prestera, representing self; Gary Townsend, representing self; Jill Anderson, representing self; Shirley Isaacson, representing self; Karolyn Switzer, representing self; Margaret Tinsley, representing self; Jan Perozeni Corbus, representing self; Jacqueline deSa, representing self; William Bowlus-Root, representing self; Rebel Rice, representing self; Lisa Koenig, representing self; Kathleen Woessner, representing self; Nancee K Wood, representing self; Nancy Atherton, representing self; Eric Kadel, representing self; Jeanne Hardie, representing self; Libby Stortz, representing self; Lisa Maczura, representing self; Kathleen Sauer, representing self; Connie Cockrell, representing self; Sharon Arnst, representing self; Claudia Miller, representing self; Pamela Chittenden, representing self; Katharine Donahue, representing self; Joseph 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; Denise Hudson, representing self; Kathleen Butler, representing self; STACEY NORDWALL, representing self; marcia stewart, representing self; Lori Taniguchi, representing self; Beth Ballmann, representing self; Rivko Knox, representing self; Pat Jayson, representing self; Frederick James, representing self; Patricia Brunner, representing self; Elissa Karn, representing self; RITA DEPUYDT, representing self; Barbara Rodman, representing self; Rebecca Shook, representing self; Christopher Cerrato, representing self; Alison Danis, representing self; Valarie Bryant, representing self; Nadya Laliberte, representing self; Kathryn Dorn, representing self; Michael Levine, representing self; John Stolte, representing self; Katherine Hilton, representing self; Srinivas Manne, representing self

All Comments:

Judith Robbins, Self: No to block-chain access to AZ's financial systems. This is a proven deregulated playground for financial entities ripe w/open access to malfeasances, which would ultimately threaten AZ financial institutions & individual's money. Vote NO; Beatriz Urrea, Self: This bill would give even more power to the super rich.; Alisa McMahon, Self: Special interest legislation that would be contrary to the public interest.; Michael Fiflis, Self: This bill is special interest legislation, lowering the regulation of blockchain technology, including licensure, for no reason.; Kathryn Kaczmarek, Self: Is the cryptocurrency industry promoting this bill? How much money has

exchanged hands between the industry and this sponsor? How does this bill help or aid the average citizen in AZ? Not needed.; Barbara Oliver, Self: This bill is for the mega-rich, and besides that, cryptocurrency is a scam!; Lawrence Peters, Self: Blockchain software is publicly available & not fully secured. Bad actors might exploit software flaw before it is noticed & fixed. In 2017, hackers found coding flaw in Ethereum's blockchain platform, using it to siphon away millions of dollars; Linda Edwards, Self: Too volatile and dangerous.; Penny Boone, Self: NO. This would essentially deregulate a volatile playground for the mega-rich. And most cryptocurrency is a scam.; Rebecca Haynes, Self: This would essentially deregulate a volatile playground for the mega-rich. Another disaster in the making.; John Neville, Self: No benefit to Arizona - pretty likely a corrupt bill.; William Yohey, Self: Ok Bolick - who do you want to help bring this insane bill to help out "get rich scheme" of this violative cyto currency schemes.; Jennifer Dawson, Self: Read "Traders in the Dark". Deregulating crypto makes it a dangerous playground for the mega-rich. Remember the crash of FTX??; Sandra Rizzo, Self: We should not be deregulating this area. It involves money, livelihoods, and enormous risk, and should stay regulated.; Patricia Edelen, Self: This bill would open up Pandora's Box for abuse by the rich and removes regulatory measures to prevent financial abuse.; Cynthia Wagner, Self: This would essentially deregulate a volatile playground for the mega-rich; Nelson Morgan, Self: Blockchain is a particular technology that potentially has other uses besides crypto, although that absurd application has been the main one. It seems odd to single out this particular very technical approach (which doesn't permit editing of entries); Gary Townsend, Self: This would essentially deregulate a volatile playground for the mega-rich.; Karolyn Switzer, Self: We don't need to be deregulating such a volatile set of products. The fact that they're typically used by the rich makes me suspicious that somebody wants to do something currently illegal.; Margaret Tinsley, Self: This is not an area in which Arizona wants to be the test dummy. Please vote no.; Rebel Rice, Self: Blockchain does not belong in a state goverment "anything". It is the basis for cryptocurrency and NFTs and other highly volatile instruments.; Nancy Atherton, Self: Another example of Republicans desire to make the rich richer while NEVER offering anything that might help the working poor and the housing crisis.; Lisa Maczura, Self: Nope. Tired of helping billionaires get richer.; Connie Cockrell, Self: This would essentially deregulate a volatile playground for the mega-rich.; Katharine Donahue, Self: Don't fiddle with what you don't understand.; Joseph Bihms LD29, Self: Oppose. The bill risks financial instability by deregulating crypto within Arizona's sandbox, favoring wealthy investors over consumer protection.; Marcia Tingley, Self: Essentially deregulates a volatile playground for very rich. Cryptocurrency is highly speculative and environmentally destructive.; Lois Hansen, Self: this would essentially deregulate a volatile financial playground for the mega-rich; marcia stewart, Self: Financial specialists say too risky for shared retirement programs. Practice in your own accounts.; Rivko Knox, Self: Please focus on issues that affect most of us vs. a teeny number of ultra wealthy. Dangerous as it deregulates new financial products without any safeguards.; Michael Levine, Self: Bill offers limited access to Arizona's market to test innovative financial products or services or other innovations without obtaining a license or other authorization. This would essentially deregulate a volatile playground for the mega-rich.

SB1432, unlawful restrictive covenants; uniform act..

Support:

Dianne Post, AZ NATIONAL ORGANIZATION FOR WOMEN (NOW), Self, STATE CONFERENCE NAACP; Beverly Janowitz-Price, representing self; Kenneth Bierman, representing self; Becky Sayler, representing self; Sharon Lee, representing self; Martha O'Connor, representing self; jeff green, representing self; Jodi Liggett, NATIONAL COUNCIL OF JEWISH WOMEN ARIZONA; Sheila Green, representing self; Rivko Knox, representing self; Barbara McGill, representing self

Neutral:

Dennis J Legere, ARIZONA HOMEOWNERS COALITION

All Comments:

Dianne Post, AZ NATIONAL ORGANIZATION FOR WOMEN (NOW), Self, STATE CONFERENCE NAACP: We have a comprehensive stakeholder group that has worked for months to get a bill we can all approve. We ask you to do the same.; Jodi Liggett, NATIONAL COUNCIL OF JEWISH WOMEN ARIZONA: NCJW wholeheartedly supports this effort to remove discriminatory covenants, while keeping the historical record intact.; Rivko Knox, Self: It's about time!!! I also support the idea of ensuring that the historical record remains so we can track prior 'wrongs' & their longer term negative consequences!!; Dennis J Legere, ARIZONA HOMEOWNERS COALITION: All my initial concerns have been addressed by the Senate engrossed version.

ARIZONA STATE LEGISLATURE

Fifty-sixth Legislature - Second Regular Session

COMMITTEE ATTENDANCE RECORD

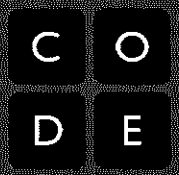
COMMITTEE ON **COMMERCE**

CHAIRMAN: Justin Wilmeth VICE-CHAIRMAN: Michael Carbone

	DATE	03/12/24	/24	/24	/24	/24
	CONVENED	3:07pm	m	m	m	m
	RECESSED					
	RECONVENED					
	ADJOURNED	3:59pm				
MEMBERS						
Aguilar		✓				
Austin		✓				
Carter		✓				
Gress		✓				
Heap		✓				
Hendrix		✓				
Lucking		✓				
Ortiz		✓				
Carbone, Vice-Chairman		✓				
Wilmeth, Chairman		✓				

√ Present --- Absent exc Excused

Attachment 3



State of Computer Science in Arizona

Hannah Weissman | March 12

Attachment 4

Our Vision

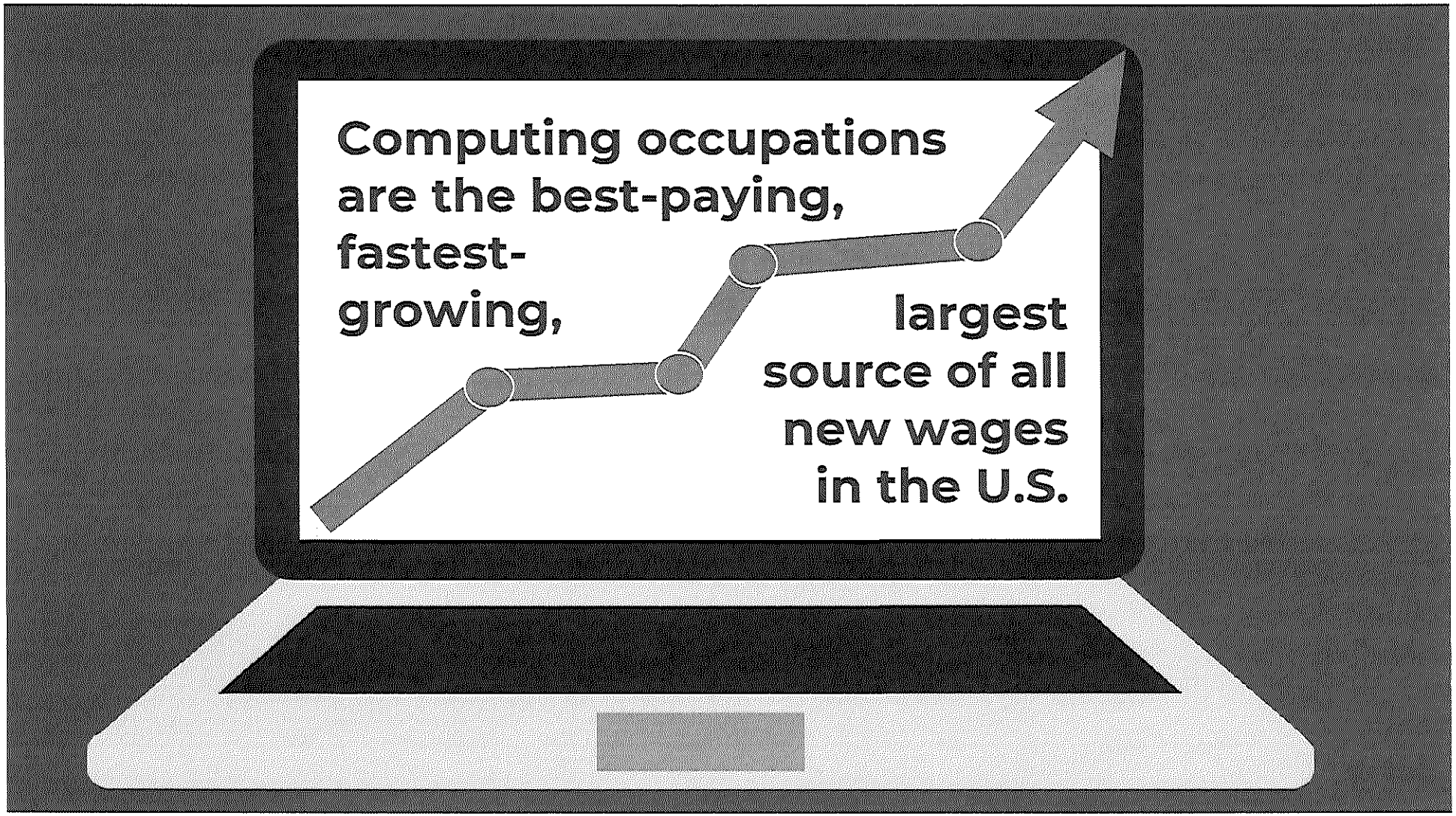
Every student

in every school

should have the opportunity

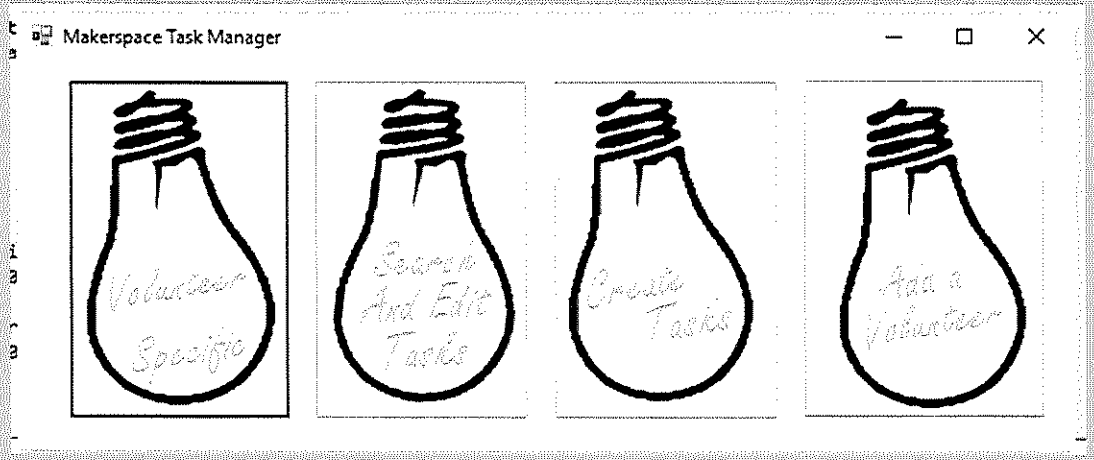
to learn computer science

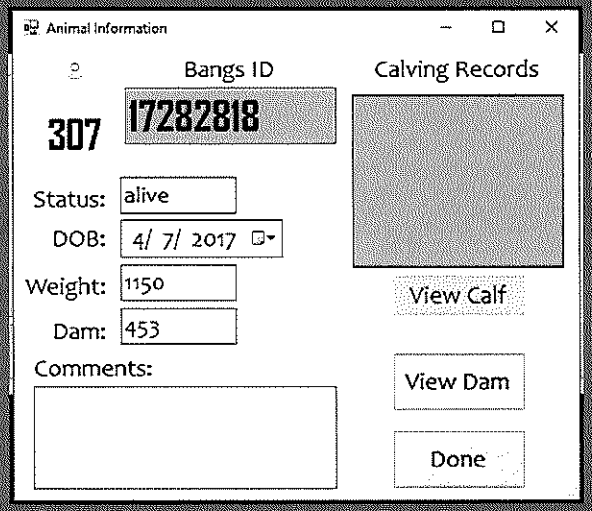



Computing occupations are the best-paying, fastest-growing, largest source of all new wages in the U.S.

WY students use CS and make an impact at home

Hettie created an app for the Powell Makerspace to organize tasks and map them with volunteers.

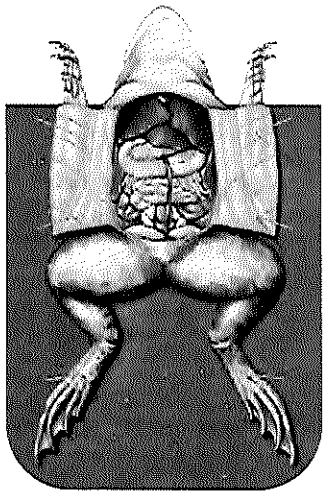




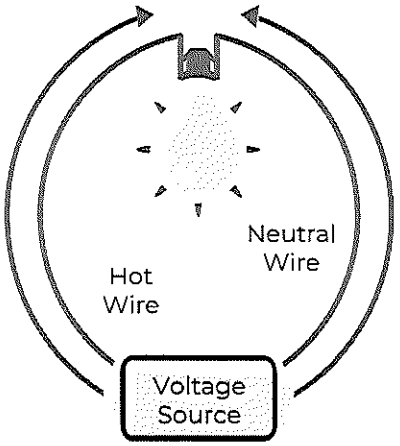
Rhett created an app for his dad's ranch to organize and simplify records and track each calf.

Computer science is foundational for ***every*** child, ***regardless*** of career.

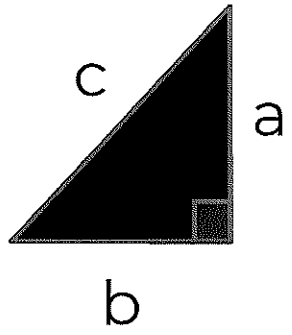
What do we teach students?



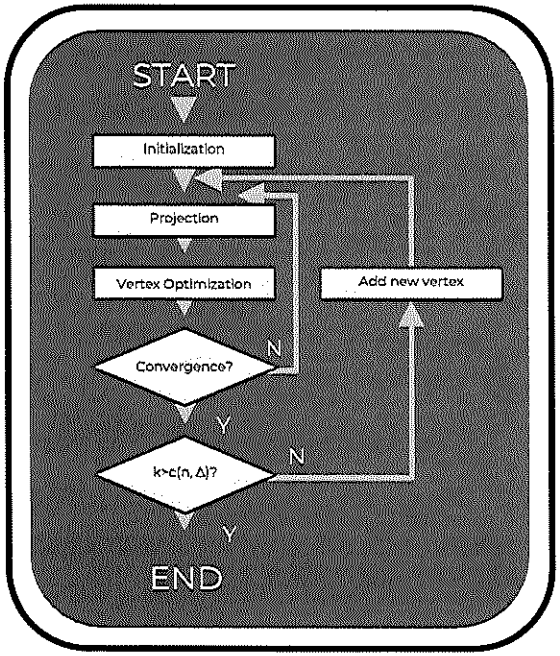
A Basic Circuit

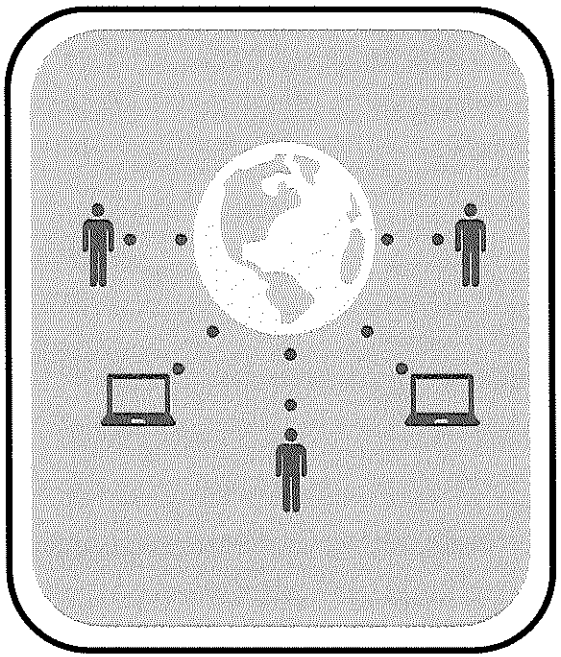


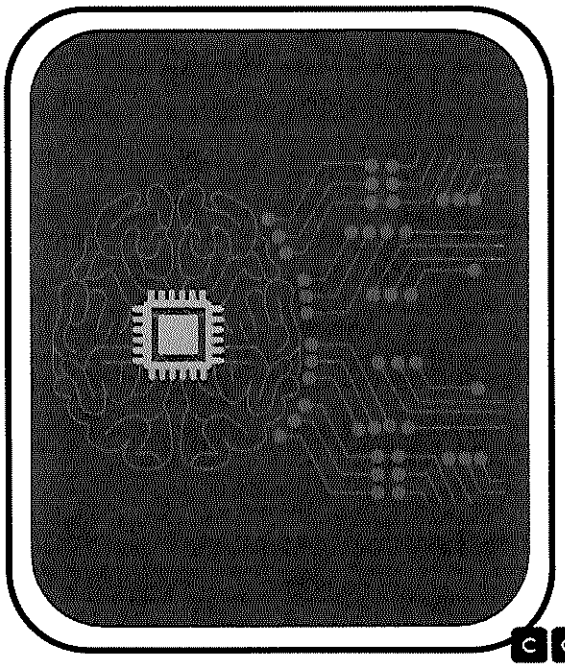
$a^2 + b^2 = c^2$



What **should** we teach?







C O
D E

Students who study **computer science**...



Outperform in reading, writing, math, and science exams in elementary school

Outperform in executive functioning skills

Perform better in high school math courses

Are 17% more likely to enroll in four-year college

Outperform in problem-solving in university

Make higher wages after graduation

In 2023, AZ averaged **9,265** open computing jobs each month

These jobs have an average salary of **$104,653**

Thousands of jobs are going unfilled

Making computer science a foundational part of our schools

Clarity

1. Create a statewide plan for K-12 computer science

2. Define computer science and establish standards for K-12 computer science

Capacity

3. Allocate funding for rigorous computer science teacher professional learning

4. Implement clear certification pathways for computer science teachers at elementary and secondary levels

5. Create programs at institutions of higher education to encourage all preservice teachers to gain exposure to computer science

Leadership

6. Establish dedicated computer science positions in a state education agency

Sustainability

7. Require that all schools offer computer science with appropriate implementation timelines

8. Allow computer science to count toward a core graduation requirement

9. Allow computer science to satisfy an admission requirement at higher education institutions

10. Require that all students take computer science to earn a high school diploma

Making computer science a foundational part of our schools

1.

Create a **statewide plan** for K-12 computer science

2.

Define computer science and establish standards for K-12 computer science

3.

Allocate funding for rigorous computer science teacher professional learning

4.

Implement **clear certification pathways** for computer science teachers at elementary and secondary levels

5.

Create university programs to **encourage all preservice teachers** to gain exposure to computer science

6.

Establish **dedicated computer science** positions in a state education agency

7.

Require that all schools offer computer science with appropriate implementation timelines

8.

Allow computer science to count toward a core graduation requirement

9.

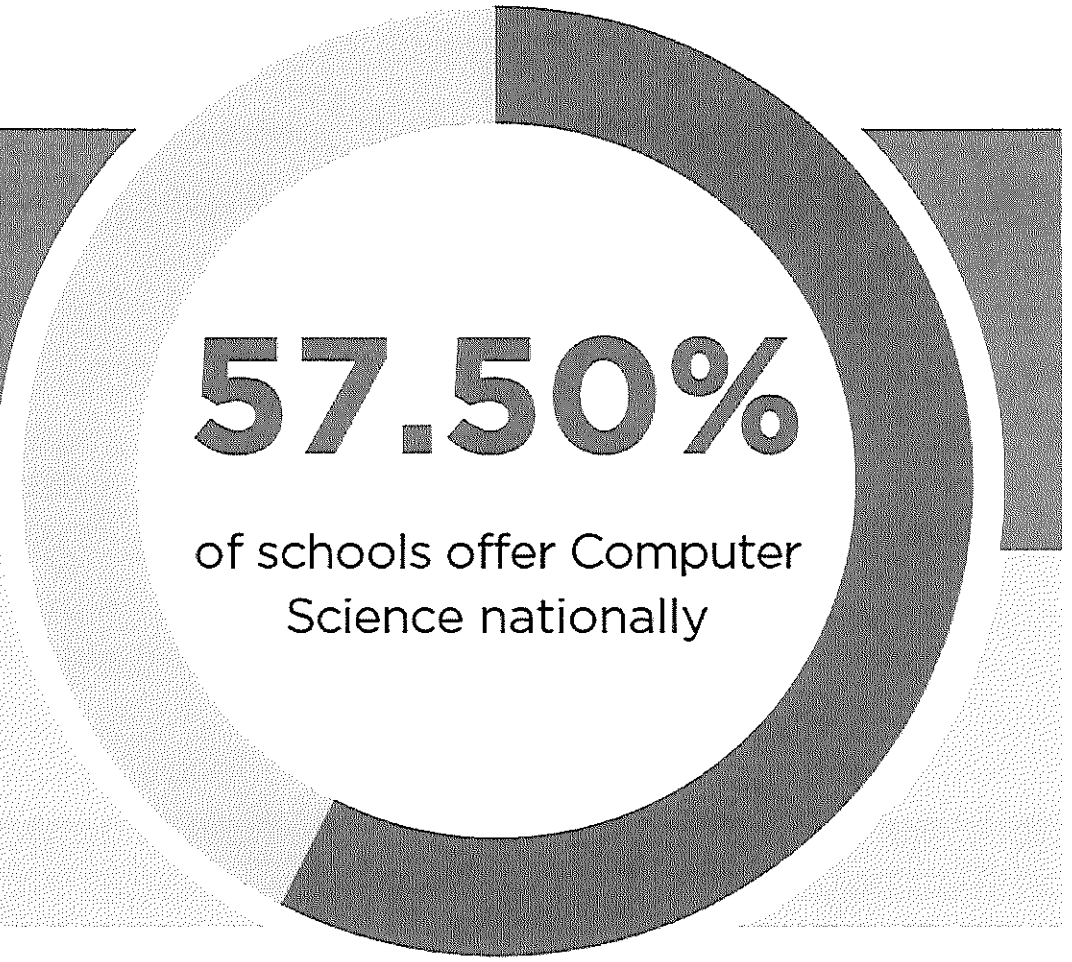
Allow **computer science to satisfy an admission requirement** at higher education institutions

10.

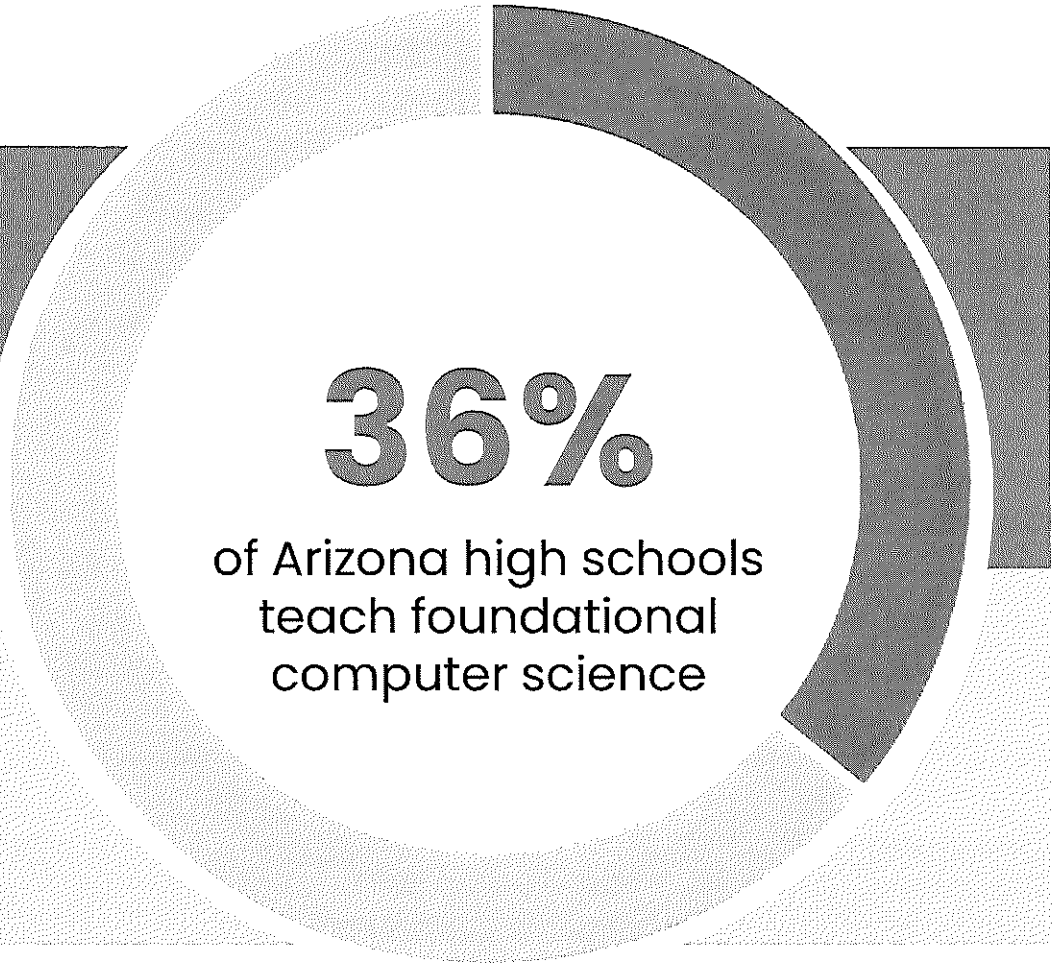
Require that all students take computer science to earn a high school diploma

C O
D E

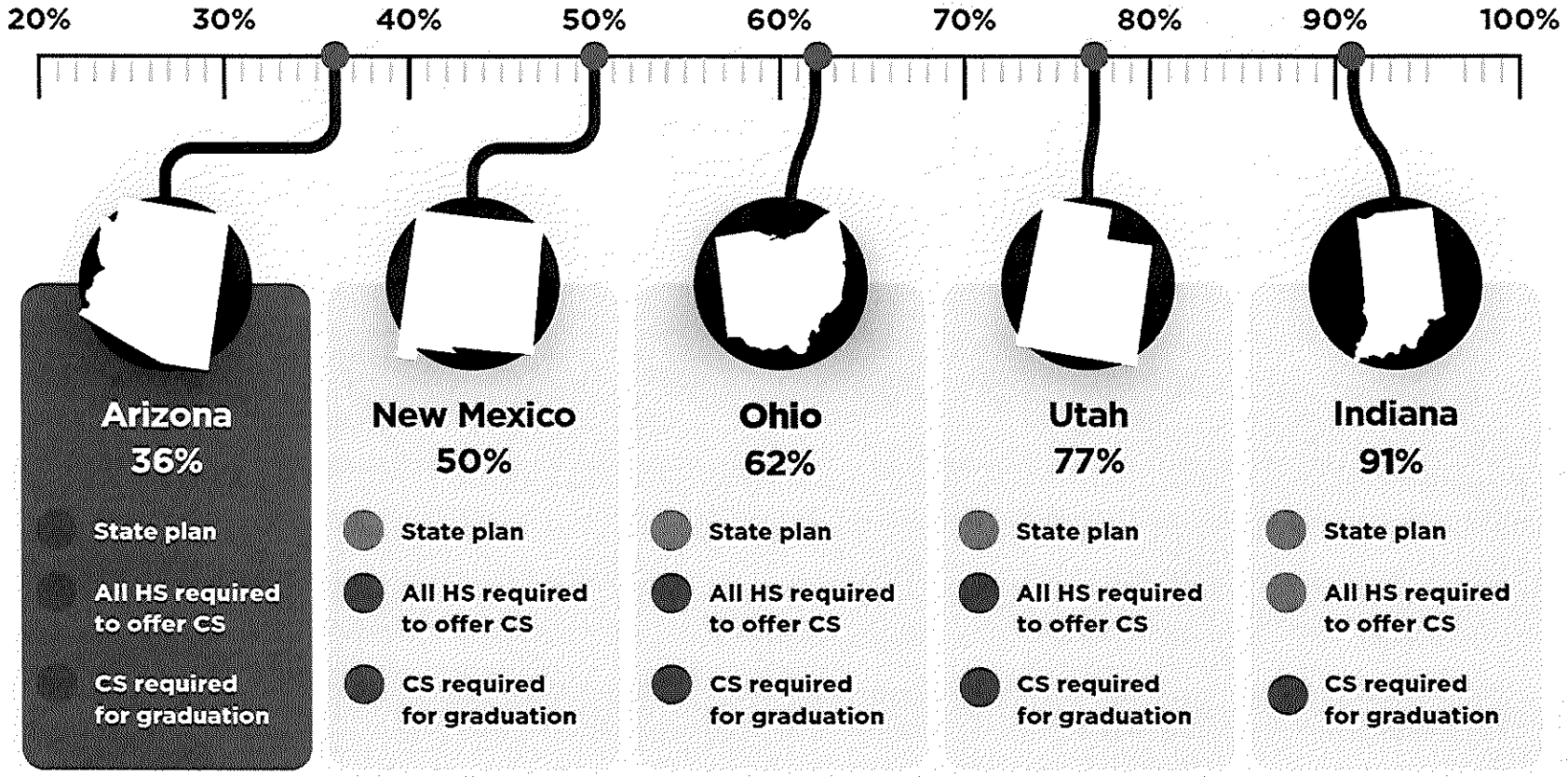
Only half of all high schools offer computer science



In Arizona, the percentage is far lower

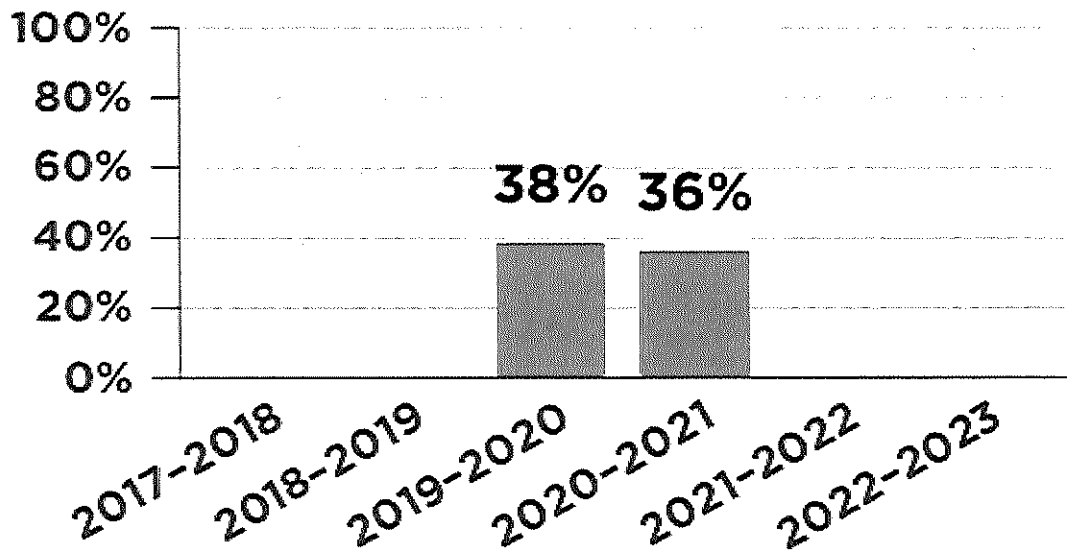


Comparative Access to Computer Science Courses
(percentage of high schools offering)



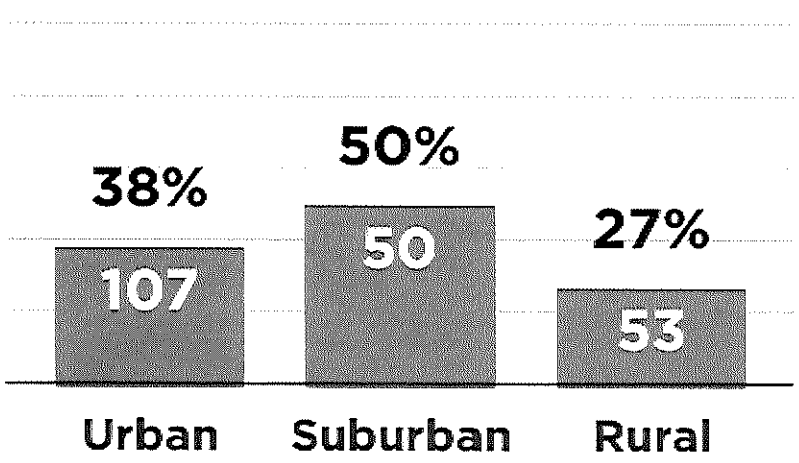
AZ High Schools Offering Computer Science

Access by School Year

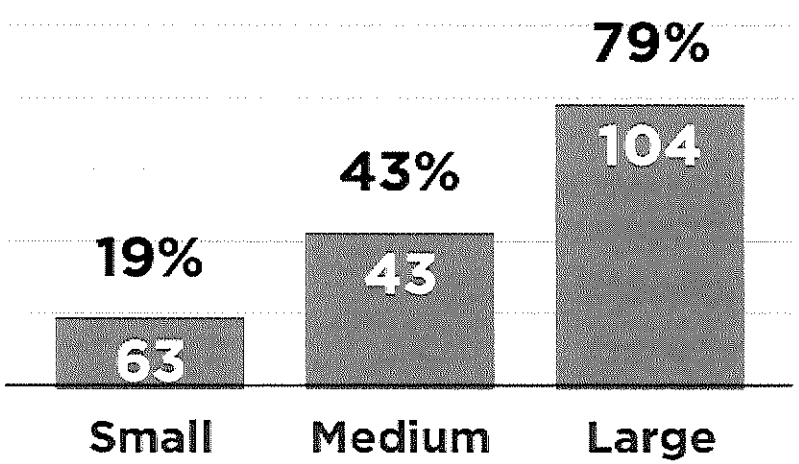


AZ High Schools Offering Computer Science

Access by Geography*



Access by School Size*

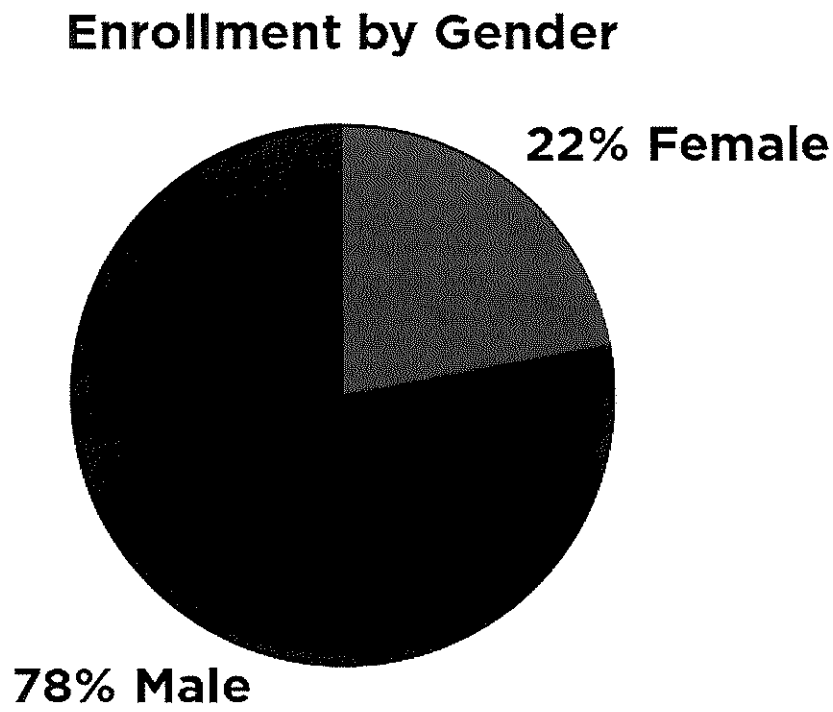


Data is from the most recent data school year 2020-2021

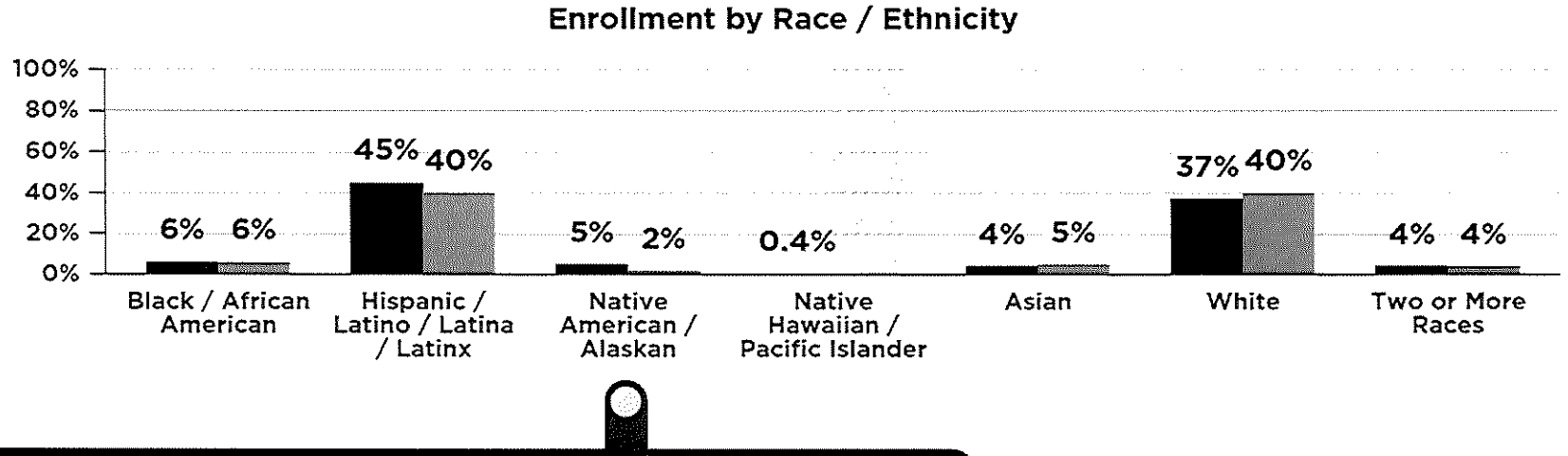
Who is taking computer science in Arizona?

In the most recent data only 2% of public high school students were enrolled in foundational computer science

AZ Participation in Computer Science

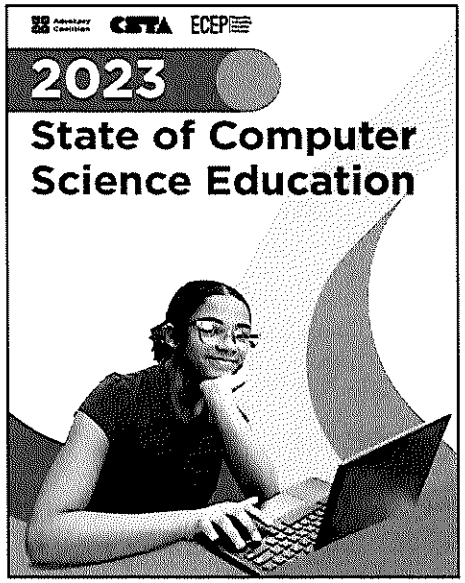


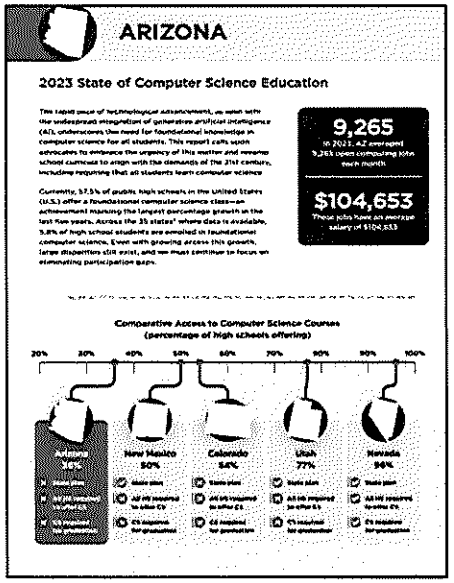
AZ Participation in Computer Science

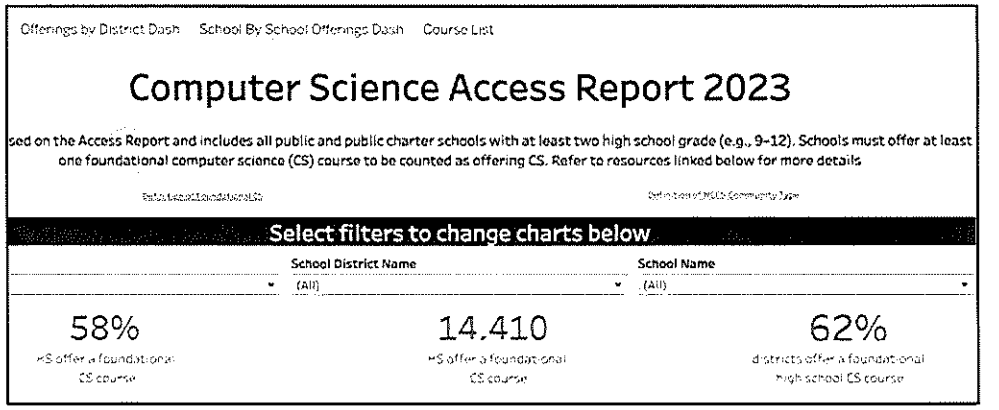


Native American students are 1.5 times less likely to take foundational computer science than their white and Asian peers

advocacy.
code.org/
stateofcs







Call to Action



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: FICO DPA/SE 7-0-0-0 | 3rd Read 26-0-4-0

SB 1034: money transmission; notice
Sponsor: Senator Shope, LD 16
Committee on Commerce

Overview
Directs money transmitters to display specified fraud warnings to consumers.

History
The Department of Insurance and Financial Institutions (DIFI) regulates money transmitter services. Individuals who engage in the business of money transmission or advertise, solicit or hold itself out as providing money transmission must obtain a money transmitter license (A.R.S. § 6-1207).

Money transmission means any of the following: 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. Money transmission does not include providing solely online telecommunications services or network access (A.R.S. § 6-1201).

Provisions
1. Instructs a person that is in the business of money transmission to display consumer fraud warnings that includes specified information as outlined. (Sec. 1)
2. Requires, prior to the transmission of monies, the consumer fraud warnings to be:
   a) communicated directly to the consumer in person;
   b) displayed prominently in the place of business; or
   c) through electronic transmission. (Sec. 1)
3. Requires the written warnings to be in a type that contrasts with the background against which the written warning appears. (Sec. 1)
4. Specifies the fraud warning requirements do not apply to an electronic funds transfer:
   a) where the monies are not transferred directly to another person and are not available for immediate use; or
   b) that is made with a gift certificate. (Sec. 1)

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

Fifty-sixth Legislature
Second Regular Session

Commerce
S.B. 1034

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1034

(Reference to Senate engrossed bill)

Page 1, line 7, strike "PERSON" insert "LICENSEE"; strike "IS" insert "ENGAGES"; after "TRANSMISSION" insert "ON BEHALF OF CONSUMERS FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES"

Line 8, strike "CLEARLY AND PROMINENTLY DISPLAY" insert "PROVIDE"; after "WARNINGS" insert "IN ACCORDANCE WITH SUBSECTION B OF THIS SECTION"

Line 18, strike "PERSON" insert "LICENSEE"; strike "COMMUNICATE" insert "PROVIDE"

Line 21, after the comma insert "IN A DOCUMENT OR OTHER MATERIALS PROVIDED"

Line 22, strike "PLACE OF BUSINESS" insert "LOCATION IN WHICH THE LICENSEE OR AN AUTHORIZED DELEGATE OF THE LICENSEE ENGAGES IN RECEIVING MONEY FOR TRANSMISSION"

Amend title to conform

JUSTIN WILMETH

1034WILMETH.docx
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Adopted ✓ # of Verbals _____
Failed _____ Withdrawn _____
Not Offered ____ Analysts Initials ___

Attachment 6

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

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1034

DATE March 12, 2024 MOTION: DPA

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

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

Susan Hughes
COMMITTEE SECRETARY

ATTACHMENT 7

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: FICO DPA 6-1-0-0 | 3rd Read 27-0-3-0

SB 1070: virtual credit cards; payment method
Sponsor: Senator Shope, LD 16
Committee on Commerce

Overview
Mandates health insurers to accept tangible checks as payment and includes a stipulation relating to opting out of a payment method.

History
Pursuant to A.R.S. § 20-241, any contract between a health insurer and a health care provider that is issued, amended or renewed beginning January 1, 2020, to provide services to enrollees cannot restrict the acceptable method of payments to only credit cards. If the health insurer changes the payment method to using electronic funds transfers, the insurer must: 1) notify the provider of any associated fees; 2) advise the provider of the available payment methods and how to select an alternative payment method; and 3) remit or associate with each payment the explanation of benefits.

Provisions
1. Requires health insurers to accept tangible checks as a form of acceptable payment. (Sec. 1)
2. Stipulates a health care provider's decision to opt out of a method of payment remains in effect until the provider opts back into the prior method of payment or a new contract is executed. (Sec. 1)
3. Makes technical changes. (Sec. 1)

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

Attachment 8

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

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1070

DATE March 12, 2024 MOTION: DP

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

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

Susan Hughes
COMMITTEE SECRETARY

ATTACHMENT 9

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: FICO DPA 7-0-0-0 | 3rd Read 21-6-3-0

SB 1218: exclusive agreements; residential property sales
Sponsor: Senator Kavanagh, LD 3
Committee on Commerce

Overview
Outlines unlawful practices for an exclusive property engagement agreement (Agreement).

History
The Arizona Department of Real Estate (ADRE) regulates the real estate industry and real estate professionals. Individuals who engage in real estate transactions including selling, purchasing, listing or offering to list real estate, businesses or business opportunities must be licensed as a real estate broker (A.R.S. §§ 32-2101, 32-2122).

Provisions
1. Delineates unlawful practices for an *exclusive property engagement agreement* which is a contract or agreement that provides an exclusive right to a person to list or sell residential real estate. (Sec. 1)
2. Stipulates an Agreement is void if the listing services do not begin within one year after the execution of the Agreement by the parties. (Sec. 1)
3. Prohibits a court from:
   a) enforcing an Agreement made or recorded in violation of Agreement provisions; and
   b) imposing a constructive trust in the residential real estate that is the subject of the agreement or on the disposition proceeds of a related residential real estate transaction. (Sec. 1)
4. Requires any consideration that was paid to a homeowner relating to a contract or agreement that violates Agreement provisions to be forfeited. (Sec. 1)
5. Deems a contract or agreement made or recorded in violation of Agreement provisions as void and unenforceable. (Sec. 1)
6. Deems a contract or agreement that violates Agreement provisions and is recorded before the effective date of certain enforcement provisions as void. (Sec. 1)
7. Instructs ADRE to:
   a) execute and record in each county recorder's office a document that disclaims the validity and enforceability of any contract or agreement or any related liens or assignments that violate Agreement provisions; and
   b) display such document on the department's website. (Sec. 1)
8. Specifies an act or practice in violation of Agreement provisions is:
   a) an unlawful practice in accordance with consumer fraud statutes; and

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

Attachment 10

b) subject to enforcement through private action and by the Attorney General. (Sec. 1)

9. Subjects a person who violates Agreement provisions to liability and penalties in accordance with statute relating to recording false documents. (Sec. 1)
10. Specifies that the prescribed remedies are not the exclusive remedies for a violation. (Sec. 1)
11. Defines *residential real estate.* (Sec. 1)
12. Contains legislative findings. (Sec. 2)
13. Contains a severability clause. (Sec. 3)

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

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1218

DATE March 12, 2024 MOTION: DP

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

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

Susan Hughes
COMMITTEE SECRETARY

ATTACHMENT 11

ARIZONA HOUSE OF REPRESENTATIVES

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

SB 1366: regulatory sandbox; blockchain
Sponsor: Senator Bolick, LD 2
Committee on Commerce

Overview
Modifies the definition of *innovation* relating to the Regulatory Sandbox Program (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 (A.R.S. §§ 41-5601 and 41-5602).

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. The 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. 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 (A.R.S. §§ 41-5603; 41-5605; 41-5607 and 41-5609).

Blockchain technology is a type of 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 (A.R.S. § 44-7061).

Provisions
1. Modifies the definition of *innovation* as the use or incorporation of a new or *existing idea or a new or* emerging technology or *a new use of* existing technology, *including blockchain technology*, to address a problem, provide a benefit or offer a product, *production method or service.* (Sec 1)
2. Defines *blockchain technology.* (Sec 1)
3. Makes technical changes. (Sec 1)

☐ 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 Commerce BILL NO. SB 1366

DATE March 12, 2024 MOTION: DP

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

Susan Hughes
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

ATTACHMENT 13

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: FICO DPA 6-0-1-0 | 3rd Read 27-0-3-0

SB 1432: unlawful restrictive covenants; uniform act..
Sponsor: Senator Mesnard, LD 13
Committee on Commerce

Overview
Establishes the Uniform Unlawful Restrictions in Land Records Act which provides requirements for removing an *unlawful restriction* from property or a governing instrument.

History
The Uniform Law Commission (ULC) approved a uniform state law to allow a property owner whose deed contains an unlawful and unenforceable restriction to record an amendment to the land records that effectively removes the restriction. An unlawful and unenforceable restriction is a restriction inserted into a deed that was intended to prevent the affected property from being sold to or occupied by persons covered by that restriction. Throughout the first half of the 20th century, owners and developers of real property commonly inserted restrictive covenants into deeds and declarations (ULC).

A homeowner association's (HOA) declaration may be amended by the HOA, if any, or, if there is no HOA or board, the owners of the property subject to the declaration, by an affirmative vote or written consent of the number of owners or eligible voters specified in the declaration. An amendment to a declaration may apply to fewer than all of the lots or less than all of the property bound by the declaration and an amendment is deemed to conform to the general design and plan of the community, if outlined conditions are met. Within 30 days after adopting an amendment, the amendment must be recorded. Regardless of any declaration provision that provides for periodic renewal of the declaration, an amendment to the declaration is effective immediately on recordation of the instrument in the county in which the property is located (A.R.S. § 33-1817).

A condominium association's (COA) declaration may be amended only by a vote of the unit owners to which at least 67% of the votes in the COA are allocated, or any larger majority the declaration specifies. The declaration may specify a smaller percentage only if all of the units are restricted exclusively to nonresidential use. Within 30 days after the adoption of any amendment, the amendment must be recorded. An amendment to the declaration must be recorded in each county in which any portion of the condominium is located and is effective only on recordation (A.R.S. § 33-1227).

Provisions
1. Allows a real property owner, whose property is subject to an unlawful restriction, to submit to the county recorder an amendment to remove the unlawful restriction. (Sec. 1)
2. Limits the applicability of the amendment to remove the unlawful restriction to only the owner's property. (Sec. 1)

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

3. Allows the governing body of an association, including the board of directors of a condominium or a planned community, to amend the association's governing instrument to remove an unlawful restriction without a vote of the association's membership. (Sec. 1)
4. Permits an association's member to request in a record that sufficiently identifies an unlawful restriction in the governing instrument that the governing body exercise its authority to amend the instrument to remove an unlawful restriction. (Sec. 1)
5. Requires the governing body, within 90 days after receiving the request, to determine whether the governing instrument includes the unlawful restriction. (Sec. 1)
6. Stipulates the governing body must amend the governing instrument to remove the unlawful restriction within 90 days after determining the inclusion of the unlawful restriction. (Sec. 1)
7. Asserts the governing body may execute an amendment to remove an unlawful restriction, and the amendment's effectiveness, regardless of any governing instrument provision or other law. (Sec. 1)
8. Provides requirements for an amendment to remove an unlawful restriction, including identifying only the document containing the unlawful restriction. (Sec. 1)
9. Requires the amendment to:
   a) include a conspicuous statement as outlined;
   b) be executed and acknowledged in the manner required for recordation of a document in the land records; and
   c) be recorded in the land records of each county in which the document containing the unlawful restriction is recorded. (Sec. 1)
10. Specifies the amendment does not affect the validity or enforceability of any restriction that is not an unlawful restriction. (Sec. 1)
11. Asserts the amendment or a future conveyance of the affected real property is not a republication of a restriction that otherwise would expire by passage of time under any other law. (Sec. 1)
12. Prescribes an optional form that may be submitted by a property owner to the county recorder to remove an unlawful restriction. (Sec. 1)
13. Prescribes responsibilities for a county recorder in recording an amendment. (Sec. 1)
14. Exempts a recorder and the county from liability for recording an amendment. (Sec. 1)
15. Instructs a court, in applying and construing the unlawful restriction statutes, to consider the promotion of uniformity of the law among jurisdictions that enact it. (Sec. 1)
16. Asserts the unlawful restriction statutes modify, limit or supersede the Electronic Signatures in Global and National Commerce Act, but does not modify, limit or supersede federal law relating to consumer disclosures or authorize electronic delivery of specified federal notices. (Sec. 1)
17. Cites the statutes governing unlawful restrictions, as established by this Act, as the Uniform Unlawful Restrictions in Land Records Act. (Sec. 1)
18. Defines pertinent terms. (Sec. 1)
19. Contains a severability clause. (Sec. 2)

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

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1432

DATE March 12, 2024 MOTION: DP

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

Susan Hughes
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

ATTACHMENT 15