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

COMMITTEE ON COMMERCE

Report of Regular Meeting
Tuesday, January 17, 2023
House Hearing Room 3 -- 2:00 P.M.

Convened 2:07 P.M.
Recessed
Reconvened
Adjourned 3:04 P.M.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE
1-18-23

Members Present
Representative Aguilar
Representative Austin
Representative Carter
Representative Gress
Representative Heap
Representative Hendrix
Representative Ortiz
Representative Sun
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

Committee Action

Bill	Action	Vote	Attachments
HB2005	DP	9-1-0-0	4, 5
HB2010	DPA	10-0-0-0	6, 7, 8
HB2011	DP	10-0-0-0	9, 10
	Committee on Commerce Rules Adopted		11

Susan Nelson, Committee Secretary
January 18, 2023

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

CONVENE: 2:07pm
ADJOURNED: 3:04pm

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

REGULAR MEETING AGENDA

COMMITTEE ON COMMERCE

DATE Tuesday, January 17, 2023 ROOM HHR 3 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=2023011063

Members:

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

1. Introductions
2. Adoption of Committee Rules

	Bills		Short Title	Strike Everything Title
1	HB2005	DP	foreign captive insurers; definition (Livingston)	
		9-1-0-0	COM, RULES	
	~~HB2007~~	_____	~~group excess liability insurance~~	
		_____	~~(Livingston)~~	
		_____	~~COM, RULES~~	
2	HB2010	DPA	banking; licensing; fees (Livingston)	
		10-0-0-0	COM, RULES	
3	HB2011	DP	state board of accountancy; continuation (Livingston)	
		10-0-0-0	COM, RULES	

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

01/17/2023

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

Attachment 1

Information Registered on the Request to Speak System

House Commerce (1/17/2023)

HB2005, foreign captive insurers; definition

Support:

Marc Osborn, Arizona Captive Insurance Association And Spring Consulting Group; Wendy Briggs, AMERICAN PROPERTY CASUALTY INSURANCE ASSOCIATION

HB2010, banking; licensing; fees

Support:

Stephen Briggs, AZ DEPT OF INSURANCE AND FINANCIAL INSTITUTIONS; Ezra Grace, representing self

HB2011, state board of accountancy; continuation

Support:

John Baumer, AZ SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS; Ryan DeMenna, AZ SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Attachment 2

ARIZONA STATE LEGISLATURE

Fifty-sixth Legislature - First Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON **COMMERCE**

CHAIRMAN: Justin Wilmeth VICE-CHAIRMAN: Michael Carbone

	DATE	01/17/23	/23	/23	/23	/23
	CONVENED	2:07pm	m	m	m	m
	RECESSED					
	RECONVENED					
	ADJOURNED	3:04pm				
MEMBERS						
Aguilar		✓				
Austin		✓				
Carter		✓				
Gress		✓				
Heap		✓				
Hendrix		✓				
Ortiz		✓				
Sun		✓				
Carbone, Vice-Chairman		✓				
Wilmeth, Chairman		✓				

√ Present --- Absent exc Excused

Attachment 3

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
First Regular Session

HB2005: foreign captive insurers; definition
Sponsor: Representative Livingston, LD 28
Committee on Commerce

Overview

Allows a *foreign captive insurer* to form a branch captive office in Arizona

History

A *captive insurer* is any pure, agency or group captive insurer or protected cell captive insurer that is domiciled in this state and that is statutorily formed and licensed. An *alien captive insurer* is any insurer formed to write insurance business for its affiliates and that is licensed pursuant to the laws of an alien jurisdiction that imposes statutory or regulatory standards acceptable to the director on companies transacting the business of insurance in such a jurisdiction. A *branch captive insurer* is an alien captive insurer that is licensed to transact the business of insurance through a business unit with a principal place of business in this state (A.R.S. § 20-1098).

Statute requires alien branch captive insurers to file with the director of the Department of Insurance and Financial Institutions a copy of all reports and statements that are required to be filed under the laws of the jurisdiction in which the alien captive insurer is formed and that are verified by oath of two of its executive officers (A.R.S. § 20-1098.21).

Provisions

1. Includes *foreign captive insurer* to the definition of *branch captive insurer.* (Sec. 1)
2. Defines *foreign captive insurer.* (Sec. 1)
3. Allows a domestic captive insurer to merge or consolidate with any other domestic, foreign or alien captive insurer regardless of the captive insurer being formed as a limited liability company or a stock corporation. (Sec. 4)
4. Applies the same examination requirement, as a condition for licensure, for alien captive insurers to foreign captive insurers. (Sec. 3)
5. Applies the same reporting requirements for an alien captive insurer to a foreign captive insurer. (Sec. 5)
6. Clarifies the process of service for captive insurers. (Sec. 2)
7. 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 - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2005

DATE January 17, 2023 MOTION: DP

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

Susan Nelson
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

ATTACHMENT 5

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
First Regular Session

HB 2010: banking; licensing; fees
Sponsor: Representative Livingston, LD 28
Committee on Commerce

Stephen Briggs / Ellis Livingston

Overview

Establishes a late fee for a consumer lender and premium finance company license renewal. Prohibits a mortgage broker, mortgage banker, and commercial mortgage banker from maintaining records out of the state.

History

A person cannot engage in the business of advertising or soliciting to procure or make a consumer lender loan without first obtaining a consumer lender license. The term of the license begins on July 1 and ends on June 30 of each year. A licensee may obtain a license renewal by submitting the renewal application and paying the renewal fee by June 30 (A.R.S. §§ 6-601, 6-603, 6-604).

A *premium finance company* is a person engaged in part or in whole in the business of financing insurance premiums, entering into premium finance agreements with insureds or otherwise acquiring premium finance agreements from insurance producers or other premium finance companies. A person is prohibited from engaging in the business of a premium finance company without first obtaining a license. The term of the license year begins on January 1 and ends on December 31. In order to renew a license, licensees must submit a renewal application and the required renewal fee by December 31 (A.R.S. §§ 6-1401, 6-1402, 6-1405).

Statute permits, after notifying the deputy director of the Department of Insurance and Financial Institutions (DIFI), a mortgage broker, mortgage banker, or commercial mortgage banker, who operates two or more licensed places of businesses, to maintain records at their principal place of business in this state. Additionally, with approval of the deputy director of DIFI, they may maintain records outside this state (A.R.S. §§ 6-906, 6-946, 6-983).

Provisions

1. Allows the deputy director of DIFI to use the nationwide mortgage licensing system and registry for all aspects of licensure relating to financial institutions, collection agencies and sales finance companies. (Sec. 1)
2. Clarifies that a consumer lender license remains active until it either expires or is suspended, revoked or terminated by the director of DIFI. (Sec. 2)
3. Requires a consumer lender licensee to apply for and pay the renewal fee by June 30 each year. (Sec. 2)
4. Includes a late fee of $25 for each day after June 30 that a renewal application is not received by the deputy director. (Sec. 2)
5. Prohibits a licensee from acting as a consumer lender until the license is renewed or a new license is issued. (Sec. 2)

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

6. Stipulates the license automatically expires if the deputy director of DIFI does not receive the renewal application and fee by July 31. (Sec. 2)
7. Prevents an expired license from being renewed and allows for the issuance of a new license. (Sec. 2)
8. Extends the deadline for applying for a debt management company license renewal, and obtaining a license renewal without an investigation, from June 15 to June 30 of each year. (Sec. 3, 4)
9. Deletes language allowing a mortgage broker, mortgage banker, and commercial mortgage banker who operates two or more licensed places of business to maintain records at their principal place of business. (Sec. 5, 7, 8)
10. Removes the authority for a mortgage broker, mortgage banker, and commercial mortgage banker to maintain records outside of Arizona. (Section 5, 7, 8)
11. Increases the cap on the number of tests, from two to four, an applicant for a mortgage broker license may take within a 12-month period. (Sec. 6)
12. Removes the approval requirement for a licensee that uses a computer or mechanical record keeping system to not keep a written copy of records. (Sec. 7)
13. Removes the requirement for a mortgage broker, banker, consumer lender or registered exempt person to request a loan originator's license. (Sec. 9)
14. Eliminates the requirement for DIFI to send the loan originator's license to the loan originator's employer. (Sec. 9)
15. Clarifies that a premium finance company license or permit remains active until it either expires or is suspended, revoked or terminated by the director of DIFI. (Sec. 10)
16. Requires a premium finance company licensee or permit holder to apply for and pay the renewal fee by June 30 each year. (Sec. 10)
17. Includes a late fee of $25 for each day after June 30 that a renewal application is not received by the deputy director of DIFI. (Sec. 10)
18. Prohibits a licensee or permit holder from acting as a premium finance company or branch office until the license or permit is renewed or a new license or permit is issued. (Sec. 10)
19. Stipulates the license or permit automatically expires if the deputy director of DIFI does not receive the renewal application and fee by July 31. (Sec. 10)
20. Prevents an expired license or permit from being renewed and allows for the issuance of a new license or permit. (Sec. 10)
21. Changes the deadline for collection agencies renewal applications from January 1 to December 31. (Sec. 11)
22. Modifies the real estate appraiser license or certificate renewal period by removing the 30 days after the expiration date grace period. (Sec. 12)
23. Removes the $5 fee for a duplicate registration certificate for property tax agents. (Sec. 13)
24. Makes technical changes. (Sec. 1, 3, 5, 6, 8, 9, 10)

Fifty-sixth Legislature
First Regular Session

Commerce
H.B. 2010

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2010

(Reference to printed bill)

Page 11, line 42, strike "JUNE 30" insert "DECEMBER 31"

Line 43, strike "JUNE 30" insert "DECEMBER 31"

Page 12, line 2, strike "JUNE 30" insert "DECEMBER 31"

Line 6, strike "JULY 31" insert "JANUARY 31"

Amend title to conform

JUSTIN WILMETH

2010WILMETH.docx
01/13/2023
09:42 AM
H: PRB/ra

Attachment 1

Adopted √ # of Verbals _____
Failed _____ Withdrawn _____
Not Offered _____ Analysts Initials _____

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

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2010

DATE January 17, 2023 MOTION: DPA

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

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

Susan Nelson
COMMITTEE SECRETARY

ATTACHMENT 8

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
First Regular Session

HB 2011: state board of accountancy; continuation
Sponsor: Representative Livingston, LD 28
Committee on Commerce

Overview

Continues the Arizona State Board of Accountancy (Accountancy Board) for eight years.

History

Arizona State Board of Accountancy

Created by Laws 1919, Chapter 57, the Accountancy Board is statutorily required to protect the public from unlawful, incompetent, unqualified, or unprofessional certified public accountants (CPA) through certification, regulation, and rehabilitation. Furthermore, the Accountancy Board is authorized to 1) investigate complaints; 2) establish and maintain high standards of competence, independence, and integrity in practice of accounting; 3) establish reporting requirements for registrants; 4) establish basic requirements for continuing professional education for CPAs; 5) adopt procedures for disciplinary actions, administrative hearings, and consent decisions; 6) issue certificates to qualified applicants; and 7) delegate certain authorities to the executive director (A.R.S. § 32-703).

The Accountancy Board is comprised of seven members who are appointed by the Governor and who must be residents of Arizona. Two public members who are not CPAs but have professional or practical experience in using accounting services and financial statements and five members must be CPAs, three of which must be in active public practice. No more than one of these members may be from the same firm. Board members serve five-year terms (A.R.S. § 32-702).

Sunset Review Process

The sunset review process provides a system for the Legislature to evaluate the need to continue the existence of state agencies which are reviewed by a legislative committee of reference (COR). The COR is required to hold a public hearing, receive testimony from agency officials and the public and consider certain sunset factors in determining whether to recommend continuing, consolidating, or terminating the agency (A.R.S 41-2954).

The Senate Commerce and House Commerce COR held a public meeting on January 10, 2023 and recommended that the Legislature continue the Accountancy Board for eight years. The Accountancy Board terminates on July 1, 2023, unless continued by the Legislature (A.R.S. 41-3023.02).

Provisions

1. Continues, retroactively to July 1, 2023, the Accountancy Board until July 1, 2031. (Sec. 1, 2)
2. Repeals the Accountancy Board on January 1, 2032. (Sec. 2)
3. Includes a purpose statement. (Sec. 3)

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

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

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2011

DATE January 17, 2023 MOTION: DP

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

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

Susan Nelson
COMMITTEE SECRETARY

ATTACHMENT 10

Rules of the House Committee on Commerce

RULE 1. A majority of the members of the committee shall constitute a quorum. No official action may be taken unless a quorum is present in person at the time of taking such action.

RULE 2. The chairman sets the agenda and determines the order of measures. The chairman also controls all public testimony.

RULE 3. The following motions are customary and in order relating to actions on measures:

1. Do pass
2. Do pass amended
3. Return for consideration of the House
4. Hold for further study
5. Do not pass
6. Be assigned to subcommittee for…

RULE 4. The affirmative vote of a majority of those voting is required to take any action.

RULE 5. On a roll call vote the names of committee members shall be called alphabetically by surname, except that the vice chairman and the chairman shall be called upon last. Each member present shall be allowed to pass on one call of the roll, and shall vote "aye" or "nay" (yes/no) or respond "present." Members may change their votes before the announcement of the results and any member may explain his or her vote on any measure.

RULE 6. Whenever a measure is reported from the committee on a divided vote, any member may request a minority report.

RULE 7. All amendments (except strike-everything amendments; see House Rule 8(S)) shall be distributed to each committee member's office by 12:00 P.M. the day before the committee at which it will be offered. Verbal amendments may be offered during the committee meeting at the discretion of the chairman.

In accordance with Rule 9 of the *House Rules*, the following *House Rules* are also incorporated into the Committee Rules:

RULE 9(C) Each Standing Committee shall adopt and file with the Chief Clerk's Office rules of procedure consistent with the Rules of the House and shall include the following:

1. With the exception of executive sessions ordered by a majority of the committee constituting a quorum, all committee meetings shall be open to the other members of the Legislature, the press and public so long as proper decorum is maintained.

2. All committees shall meet at regularly scheduled times and places unless cancelled with the permission of the Speaker. In the absence of the chairman, the vice chairman shall preside. In the absence of both the chairman and vice chairman, some other committee member designated by the Speaker shall preside.

3. The committee chairman (presiding officer) other than the chairman of the Committee on Rules shall prepare an agenda and distribute copies to committee members, the Information Desk and the Chief Clerk's Office by 5:00 p.m. at least five days before the committee meeting. Absence of a bill, memorial or resolution from the committee agenda will prohibit its consideration unless unanimous consent of all committee members is obtained. Unless a reconsideration motion has been offered and failed, a chairman may place a measure that failed in committee on any subsequent agenda.

4. A bill not on the committee agenda shall be scheduled for discussion at the next subsequent committee meeting by presentation of a petition containing the signatures of two-thirds or more of the committee members.

5. A roll call vote shall be taken in each standing committee when final action on any bill is voted.

6. Written committee reports shall be filed with the Chief Clerk's Office within a reasonable time but no later than two weeks from time of completion of meetings. A recording of the meeting shall be made available for public inspection three working days after the meeting. Attendance records of all committee meetings shall be filed with the Chief Clerk's Office within 24 hours from time of completion of meetings.

7. Special meetings may be called by the chairman but require permission of the Speaker and notice to members and the general public at the Information Desk by 5:00 p.m. on the previous day, except that the notice of a special meeting of the Committee on Rules may be given in open session prior to the meeting and does not require the Speaker's permission.

RULE 9(E) No committee other than the Committee on Rules shall meet while the House is meeting in session without special permission of the Speaker.

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