



**ARIZONA CHAMBER**  
*of Commerce and Industry*

 **ARIZONA  
MANUFACTURERS  
COUNCIL**

**UNITING BUSINESS. ADVANCING ARIZONA.**

ARIZONA CHAMBER OF COMMERCE AND INDUSTRY | 2013 BUSINESS AGENDA

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Republic Media · Safelite Group · Scottsdale Healthcare · Sempra Generation · Tucson Electric Power Company · Union Pacific  
Veridus · Young's Market Company of Arizona · Yuma Regional Medical Center

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**Steve Macias**  
Chairman of the  
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## LETTER FROM CHAMBER LEADERSHIP

The two years of the 50th Arizona Legislature were monumental for job creation in Arizona. Governor Brewer and the Legislature made significant advances in reforming taxes, regulations, civil justice and education. A look at the latest economic numbers shows that we are beginning to reap the rewards of these moves. Arizona is earning national recognition for our attractiveness to business. In 2012, Chief Executive Magazine named Arizona a top-10 state for business climate and the Ewing Marion Kauffman Foundation ranked Arizona as the most entrepreneurial state in the country.

While the last two years have been tremendously successful, we still have a lot of work to do. The Arizona Chamber of Commerce and Industry and Arizona Manufacturers Council look forward to continuing the momentum that started two years ago in the next legislative session.

In an effort to better prepare our future workforce, the Chamber will be working to implement proven education reforms. With the expiration of the temporary one-cent sales tax taking place in May, we will look to ensure that there is adequate funding to support already adopted reforms.

Over the next year, businesses across the state will be learning how to implement the new federal health care law. We will continue to strive to reduce uncompensated health care costs shifted onto employers by supporting policies that maximize health care coverage.

Arizona's tax climate has improved dramatically over the last few years but there is still more to be done. After major improvements in the corporate income tax and property tax, the state's sales tax, also known as the transaction privilege tax, is in need of reform and simplification.

Although Arizona's regulatory environment continues to improve, further reducing the regulatory burden on businesses in Arizona is vital to the economy. Expediting permitting and licensing timeframes for business is important to attracting and growing Arizona businesses. In conjunction with state boards and agencies, we look to find ways to provide veterans with an easier transition from military to civilian employment.

The 2013 Business Agenda includes pro-business policies that range from health care to veteran issues. Working together with the governor and Legislature, we look forward to another successful legislative session in 2013.

# 2013 LEGISLATIVE PRIORITIES

## State Issues:

**Support a world class education system:** Assist in the implementation of the Common Core standards to help prepare all Arizona students for success in post-secondary education and the workforce. Align assessments with high school exit criteria and college entrance requirements. Develop curricular frameworks and materials, formative and interim assessments, professional development materials, and other strategies to translate standards and assessments into classroom practice.

**Reduce health care costs for business and restore Proposition 204:** The Arizona Chamber will participate in discussions and advocate for policy that maximizes insurance coverage. We reaffirm our principles for restoration of the voter-approved Proposition 204 population and do not support cost-shifting to businesses and other private payers.

**Expedite business permitting and licensing requirements:** Continue to streamline processes and maximize the use of technology to make it quicker and easier for businesses and professionals to get the permits and licenses necessary to operate at state, county and city levels. Support efforts to establish online licensing and permitting databases for agencies. Encourage the creation of a web-based, one-stop shop for business start-ups. Support efforts to decrease licensing time frames where feasible.

**Support sales and use tax uniformity and simplification:** Support reforms to the transaction privilege tax (TPT) and use tax that create greater uniformity between state, county and city tax bases, standardize tax imposition and definitional language, and facilitate implementation of any federal legislation related to sales and use tax collection by online retailers. These reforms will simplify the tax systems and reduce tax compliance costs on business.

**Reduce the insurance premium tax:** Reduce the insurance premium tax to a level commensurate with the corporate income tax.

**Increase the cap on campaign contributions from political action committees:** Allow PACs to contribute at a higher level, which is consistent with federal law and common in many other states, in order to support free speech and

political participation. Remove the cap on aggregate PAC contributions that a candidate is permitted to accept during an election cycle. Additionally, seek to implement other reforms to the campaign finance system that ease the administrative burden of complying with existing reporting requirements and clarify state law to better reflect recent changes in federal law.

**Allow relevant military experience to count towards training requirements for professions that require a state license or certification:** Identify those professions that require a state license or certification where military experience could reasonably be used as a substitute for the standard training and educational requirements. Pursue legislation and work with regulating bodies and professional boards to facilitate the acceptance of military certifications and experience in order to make it quicker and easier for veterans to transition to civilian employment.

## Federal Issues:

**Support federal tax policy that improves America's global competitiveness while responsibly balancing the federal budget and reducing national debt:**

- Entitlements and spending: Reform major drivers of the deficit and debt, including Medicare and Social Security. Avoid sequestration, which disproportionately impacts core government functions, such as national defense.
- Taxpayer certainty: Support the current or reduced tax rates, including the capital gains tax, dividends tax, income tax and estate tax reductions, among others.
- Protect national security: Provide input to Arizona's congressional delegation, governor, Legislature and other elected officials across all levels of government on major defense appropriation bills and federal budget areas including the Department of Defense, NASA, and the Department of Homeland Security. Support appropriations that provide for our country's current national security needs while preparing for potential future threats.

**Support a fair federal transportation bill, which includes the development of Interstate 11:**

Work with Arizona's congressional delegation, the Arizona Department of Transportation, and the Governor's office to advocate for a federal highway bill that, following the expiration of the recently-adopted MAP-21, provides Arizona with a fair share of funds for roads, highways, airport and other transportation needs distributed transparently and with results-based accountability. Support prioritization of funding based on congestion, safety and goods movement, and opposes earmarks for projects that do not meet these criteria. Work with the state's congressional delegation and within the federal transportation appropriation process to ensure funding for the development of I-11. Participate in local and regional efforts to move the I-11 project forward.

**Support a market-driven federal foreign worker system and implement a federal electronic employment eligibility verification system:**

- Restructure the federal visa program to better respond to labor market demands and, in appropriate circumstances, make foreign worker visas permanent so that businesses and employees have more predictability in their employment situations.
- Improve employer access to advanced degree holders by allowing foreign graduates of American universities to work in the United States legally.
- Support legislation that allows undocumented youth who graduate from college or university or enlist in the military and meet other rigorous conditions to apply for U.S. citizenship.
- Enact a guest worker program that creates a legal path to temporarily work in the United States.

- Streamline the visa process for foreign investors and workers by allowing for creative solutions, including visas for property ownership and investment.
- Support the creation of a fast, accurate and easy-to-use electronic employment verification system at the federal level that is adequately funded, non-discriminatory and is uniformly applied in all states. Ensure that use of the system provides real protection from state and federal penalties for employers who rely on it in good faith.

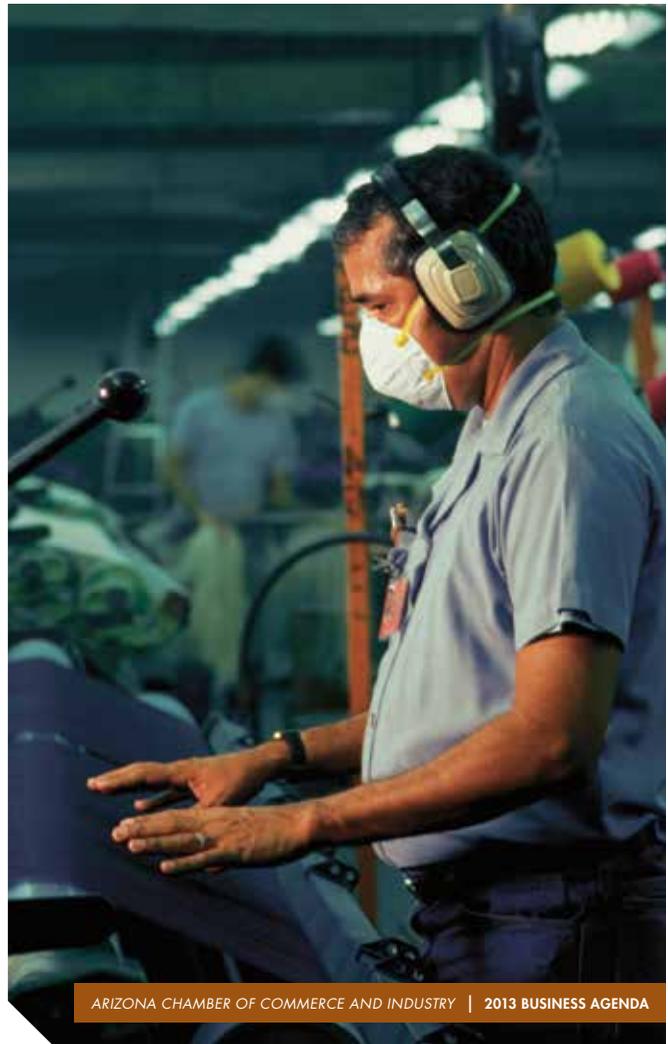
**Make Arizona a leader in unmanned aircraft systems (UAS):** Work with key stakeholders to secure Arizona's position as a leading location for research and development, manufacturing, and testing of UAS. Support Arizona's proposal to be designated by the Federal Aviation Administration as a national UAS testing area.

## Principles:

- Ensure that Arizona provides a globally competitive environment for the manufacturing sector that promotes innovation and furthers investment in research and development.
- Create an economical and understandable regulatory and legal environment that facilitates manufacturing operations.
- Support a taxation system that promotes capital investments and improves the manufacturing sector's global competitiveness.
- Improve employer access to highly skilled employees. Support strong accountability measures, innovative management techniques, enhanced academic rigor and efficient use of resources to improve education throughout Arizona.
- Reform Arizona's workers' compensation system to improve employee care and ensure cost efficient use of employer dollars.
- Support the development of a multi-modal transportation system to facilitate the movement of goods and services.
- Support a market-driven health care system that makes it easy for employers to provide health insurance benefits to their employees.



**Steve Macias:** *Chairman of AMC, Pivot Manufacturing*  
**Dawn Grove:** *Vice Chairman of AMC, Karsten Manufacturing Corporation*



# ARIZONA MANUFACTURERS COUNCIL GOALS

## Short-Term Goals:

**Support and Leverage the Work of the Arizona Commerce Authority:** Support the work of the Arizona Commerce Authority to lead statewide economic development activities, make Arizona a more competitive business location, be a magnet for foreign direct investment, expand existing businesses and attract new businesses.

**Make Arizona a Destination of the Re-Shoring of Manufacturing Jobs:** Work with the Arizona Commerce Authority and other economic development stakeholders to promote Arizona as a preferred location for manufacturing investment formerly performed overseas. As part of this, efforts will be made to build, enhance and market Arizona's competitive assets through an integrated economic development strategy. Explore the potential of partnerships with other states and Mexico to create competitive advantages for the region.

**Develop the Greater Phoenix Area into the Commercial Hub for the Southwest United States:** Advance the Arizona <> Southwest Project centered around local commercial airports to drive commercial air cargo and related activities including ground transportation, customs entry and exit, logistics and warehousing. Support efforts to develop the career and technical education pathways that will be required to generate a sufficient supply of employees for the jobs that the Arizona <> Southwest Project will create.

**Oppose Regulatory Overreach by the National Labor Relations Board and other Federal Agencies:** Oppose NLRB and Equal Employment Opportunity Commission actions that threaten the rights of employers to make sound, lawful business decisions related to the location of their business operations, employment policies, enforcement of Arizona's employment-at-will doctrine and communication with employees. Advocate against federal administrative action that would limit businesses' ability to move facilities and employees across state lines. Support state legislation that would strengthen Arizona Employment Protection Act against NLRB regulatory action.

**Support a Federal Regulatory Moratorium:** Support a federal regulatory moratorium similar to Arizona's effective state program and work to control the implementation of new regulations that reduce manufacturing's global competitiveness.

**Oppose Federal Regulations or Laws to Dramatically Alter the Process for Establishing a Labor Union:** Continue to support Arizona's efforts to maintain the current secret ballot process for union organizing elections. Oppose all efforts, whether through legislation, litigation or through rulemaking by the National Labor Relations Board, to infringe upon employer rights with respect to union organizing campaigns.

**Protect Employee Rights:** Maintain Arizona's right to work status. Oppose compulsory union assessments. Ensure that employees control the assignment of their wages to labor organizations. Protect employees' right not to have their union dues used for political purposes without consent. Work to ensure that paycheck protection legislation is not overturned through litigation. Support revisions to Arizona's paycheck protection legislation to ensure it is constitutional and easy for employers to administer.

**Continue Regulatory Reform:** Support legislation that will promote regulatory streamlining and improve accountability including:

- **Improve Speed of Permit Applications:** Support legislation that would allow businesses to petition state agencies or the Governor's Regulatory Review Council to reduce their licensing timeframes for permit/license issuance.
- **Make Use of the Streamlined Rule Reform Process and Maximize Lean Permit Processing Methods:** Work with the Governor's office and state agencies to identify rules and permitting processes that can be streamlined through administrative action or rule revision.

**Increase Fee Payment Flexibility:** Work with the Legislature and administrative agencies to allow businesses to pay fees through credit card, check or other fund transfer mechanism.

# ARIZONA MANUFACTURERS COUNCIL GOALS

**Encourage Federal Regulatory Reform and Relief:** Advocate for the federal permitting process to be both streamlined and expedited. Encourage federal agencies to refrain from issuing discretionary regulations that could have substantial economic impact.

**Support Efforts to Reduce the Complexity of Arizona's Transaction Privilege Tax System:** Streamline Arizona's complex transaction privilege statute to make easier for manufacturers to understand and comply with state and local tax issues. The streamlined system should be developed in a manner that works to create a competitive tax environment for Arizona businesses.

**Avoid Double Taxation of Products Manufactured in Arizona:** Expand the existing transaction privilege tax exemption for direct materials incorporated into a manufactured product to include indirect materials used in the production process.

**Support Efforts to Correct Harmful Tariffs:** Encourage U.S. manufacturing jobs by supporting efforts to correct certain harmful tariffs, where government charges a higher tariff rate for import of component parts than it charges for import of a completed product. Also encourage U.S. manufacturing jobs by supporting reduction or elimination of tariffs for non-domestically produced components (which are not available in the U.S.) used in the assembly of products in the U.S.

**Enact Permit Fee Reform:** Many regulatory agencies moved toward being fully funded through permit fees during the recent recession. Reduce the exclusive burden of funding the regulatory agencies from fees where appropriate through the adoption of more generalized funding sources. Continue support of further privatization and the use of general permits to reduce permit costs as working with policymakers to minimize administrative overhead.

**Support Further Tort Reform:** Continue to improve Arizona's tort and legal system so it is viewed favorably in the marketplace. Support legislation to end abusive practices of lawsuit lending companies and work to transition Arizona to a modified comparative fault state.

**Promote the Defense and Aerospace Industry as an Economic Engine:** Support efforts to promote Arizona's defense and aerospace industry with Arizona's Congressional delegation. Work to protect Arizona's defense industry from the potentially devastating impact of automatic sequestration budget reduction.

**Sustain Unemployment Insurance and Improve Arizona Workers' Compensation System:** Support policies that will expedite the return to solvency for Arizona's UI system. These reforms will include provisions to reduce improper payment of benefits and fraud. Support the proper implementation of the evidence-based medicine legislation and advocate for additional reforms that will improve Arizona's workers compensation system.

**Oppose the Discount Pricing Consumer Protection Act:** Protect U.S. brands and American jobs by opposing efforts to repeal the Supreme Court's sound antitrust decision in the Leegin case.

## Long-Term Goals:

**Increase the Output of Students Who Are Prepared for the Modern Manufacturing Workplace:** Protect against cuts to the career and technical education (CTE) programs. Support policies to improve math and science education at all levels so that Arizona students master a baseline of knowledge that will prepare them for post-secondary education and manufacturing careers. Encourage efforts to make more cost-effective options available for students who are pursuing degrees or certificates at post-secondary institutions.

**Support Efforts to Expand Trade and Global Commerce:** Advocate for federal actions that open new markets and create new jobs for U.S. businesses. Encourage the completion of export control reforms and trade agreements that expand U.S. exports to growing economies.



### Principles:

- Continue making the state budgeting process more transparent and fiscally responsible.
- Support state budgeting that maintains dedicated funds for their intended purposes and restores dedicated funds that have been diverted to help balance the state budget.
- Ensure that permit and user fees are subject to strict accountability measures.
- Ensure that one-time funds are not used to create new or expanded, ongoing government programs.
- Support a responsive and stable state government that allows the free market to maximize economic activity throughout the state.
- Support an election system with a clear citizen initiative process and a fair and transparent campaign finance system.
- Require the state to have a truly balanced budget.



**Dawn Grove:** *Chairman, Karsten Manufacturing Corporation*  
**Greg Ensell:** *Vice Chairman, Cox Communications, Inc.*

# BUDGET & GOVERNMENT REFORM GOALS

## Short-Term Goals:

### **Increase the Cap on Campaign Contributions from Political Action Committees:**

Allow PACs to contribute at a higher level, which is consistent with federal law and common in many other states, in order to support free speech and political participation. Remove the cap on aggregate PAC contributions that a candidate is permitted to accept during an election cycle. Additionally, seek to implement other reforms to the campaign finance system that ease the administrative burden of complying with existing reporting requirements and clarify state law to better reflect recent changes in federal law.

**Ensure Fairness and Accountability for Fee Setting Authority:** Make certain that any fee increase put in place by a government entity is subject to strict accountability measures. Where appropriate, ensure that the fee is temporary in nature and is used exclusively to provide the specific services for which it is designed and not to fund the general operations of government entities or to help balance the state's general fund. Strongly oppose fund sweeps. For state agencies that have moved towards more reliance on fees on business during the state's fiscal crisis, find a path to return to general fund appropriations so that fee payers are not permanently supporting the general operations of the agency.

**Reform the Initiative and Referendum Processes:** Increase transparency within Arizona's initiative and referendum processes, including requiring pre-circulation review of language, content, and constitutionality of initiatives and instituting a ballot title and summary review board.

**Reform Public Retirement Programs:** Continue to make progress and take further measures to ensure that government employee retirement systems (ASRS, PSPRS, CORP, EORP) are actuarially sound and that any unfunded liabilities are made fully transparent to elected leaders and the public in order to avoid any future solvency issues and to prevent the government's contribution from rising to a level that crowds out the ability to fund critical government functions. Consider moving toward a defined contribution plan for new employees and elected officials. Identify ways to enhance

investments and minimize administrative costs. Support efforts to eliminate employer withdrawal liability charges for state entities that are privatized by action of the state Legislature.

**Support Personnel Reform for Government Employees:** Support the implementation of reforms that will help the state to attract and retain talented employees, provide agencies with enhanced flexibility for hiring, dismissing, and promoting employees, and improve the state's overall ability to manage its workforce.

**Support Government Procurement Reform:** Support transparency, consistency and fairness for procurement processes at the state, county and city levels of government. Ensure that all private entities bidding on government contracts are given an equal opportunity and provided with ample advance notice. Encourage the expanded use of reverse auctions so that government can get the most competitive pricing.

**Encourage Further Privatization of State Government Functions Where Appropriate:** Support privatization of certain services provided by government agencies in order to realize cost savings.

**Modernize State Government:** Support efforts of the Government Transformation Office to improve and modernize state government operations, including using the new expedited rulemaking authority.

**Simplify Fee Transactions with State Government:** Support efforts to require agencies to accept payments for fees and other administrative services by credit card.

## Long-Term Goals:

**Limit Public Financing for the Clean Elections System:** Oppose legislation that would increase the base funding provided by taxpayers for the political campaigns of publicly financed candidates.

# BUDGET & GOVERNMENT REFORM GOALS

**Improve State Government:** Explore a set of reforms designed to make state government work better for the citizens it represents. Items that should be considered include:

- Limit the length of the legislative session to ensure that the work of government is concluded in a timely manner each year.
- Do away with term limits on state elected offices so that voters have the option to re-elect public servants for additional terms.
- Determine whether certain elected positions should be appointed by the governor with legislative confirmation, particularly for positions that demand a high level of technical expertise. Reform the method used to determine salaries of elected officials.

**Limit the Use of Debt:** The Arizona Chamber continues its historical opposition to the use of debt financing for the operating expenses of the state. Debt financing for capital expenditures should be subject to strict safeguards and limitations, such as:

- Debt financing should not be used as a means to avoid or forestall program reductions, nor should it be used as a first step to resolving the budget deficit.
- Any general fund monies freed up from the issuance of debt should be focused exclusively on those activities that support economic growth and diversification and enhance the state's competitive position.
- Authorizing statutes should require accelerated repayment as soon as state revenues improve. For example, a budget "trigger" based on revenue growth could require that additional funds be dedicated to the early retirement of financial debt.

**Establish a Statewide Debt Policy:** Support the creation of a debt policy for the state as well as local, county and special taxing jurisdictions consistent with fiscally responsible parameters for the use of debt financing for long-term capital assets. Support the publication of an annual state

debt affordability index. The types of debt instruments, terms of financing, the impact of debt on taxation and state expenditures, the state's ability to repay the obligation during the useful life of the asset, identification of appropriate revenue streams for paying off the debt, the total amount of state and local debt outstanding, inflationary expectations, and other sound financial principles should be included in the policy. Safeguards should be put in place to ensure the state does not accumulate more debt than it can afford to service. Legal reforms consistent with a thoughtful review of the constitution should be considered so that the state has access to optimal, transparent and straightforward financing terms.

**Limit the Use of Accounting Gimmicks to "Balance" the State Budget:** Limit the use of non-sustainable budget techniques that create long-term fiscal problems for the state, including but not limited to K-12 and university rollovers, and fund sweeps from dedicated accounts. Eliminate the use of these techniques and encourage the Legislature to put a plan in place to restore money diverted by these techniques as soon as the state comes out of the fiscal crisis and funds are available.

**Enhance Transparency Over the Budgeting Process:** Provide a complete picture of government spending activities including the allocation of federal funds received by state agencies.

**Replenish and Expand the Budget Stabilization Fund (Rainy Day Fund):** Increase the size of the Rainy Day Fund so that it is a more effective tool for smoothing out government expenditures through fiscal cycles. Ensure that the Fund is used exclusively for established state programs during economic downturns, not to expand government services. More clearly define what constitutes a fiscal emergency that warrants dipping into the Rainy Day Fund so that it is not again depleted before the worst of a downturn.

## Mission and Strategy:

The defense and aerospace industry has a significant economic impact throughout the state through the direct employment of tens of thousands of Arizonans at wages that are more than double the average salary and indirect multiplier effects. The Arizona Chamber's Defense and Aerospace Committee acts as an integrator for the industry by bringing together the entire supplier network. The Committee works strategically at the state and federal levels to engage lawmakers and the broader business community in efforts to make Arizona more competitive for defense and aerospace companies and to preserve and grow jobs in this industry.

### As the industry integrator, the Defense and Aerospace Committee:

- Advocates for programs and policies that maintain and expand the manufacturing base as well as research and development, testing and training activities.
- Works with Arizona's congressional delegation to create a unified voice in support of the state's defense and aerospace industry.
- Coordinates prime contractor and supplier networks within each of Arizona's congressional districts to ensure the continued existence of programs which are important to the state and essential for national security.
- Enhances awareness of the defense and aerospace industry through the strategic use of electronic and traditional media and communication tools.



**Edward Muñoz:** *Chairman, Raytheon Company*

**Mark Gasper:** *Vice Chairman, The Boeing Company*



## Policy Initiatives:

### **Support a Fiscally Responsible Defense Budget that Protects National Security:**

Provide input to Arizona's congressional delegation, governor, Legislature and other elected officials across all levels of government on major defense appropriation bills and federal budget areas including the Department of Defense, NASA, and the Department of Homeland Security. Support appropriations that provide for our country's current national security needs while preparing for potential future threats. Encourage efficiencies and program streamlining where appropriate, while recognizing that national security is one of the federal government's core responsibilities.

**Make Arizona a Leader in Unmanned Aircraft Systems (UAS):** Work with key stakeholders to secure Arizona's position as a leading location for research and development, manufacturing, and testing of UAS. Support Arizona's proposal to be designated by the Federal Aviation Administration as a national UAS testing area.

**Support Adjustments to International Traffic in Arms Regulations (ITAR):** Support efforts to ease restrictions on selling arms to allies of the United States. Under current ITAR regulations, the U.S. defense and aerospace industry is losing billions of dollars in potential contracts with ally nations to business competitors based in other countries that are not subject to the same extraordinary level of restrictions.

**Support a More Business-Friendly Export Control System:** Work toward a U.S. export control system that is more predictable, efficient and transparent and allows U.S. businesses to enter more markets that do not present a security risk.

**Protect Arizona's Military Installations:** Support cooperation between public and private entities on compatible land use planning and zoning and dark sky preservation in areas surrounding military bases and restricted airspace in order to preserve these vital assets. Collaborate with local, state, tribal and federal stakeholders to ensure that Arizona's military installations are able to continue fully performing their missions and are not subject to the next round of the Department of Defense's Base Realignment and Closure (BRAC) process.

**Support the Extension of Military Reuse Zones:** Augment economic development efforts around additional airports that were formerly used for military purposes through more competitive tax treatment for eligible aerospace and aviation companies. Expanding MRZ's will enhance Arizona's ability to attract jobs in the defense and aerospace industry.

## Principles:

- Arizona must have a P-20 education environment that produces a globally competitive workforce and serves as both an engine and a magnet for further economic growth.
- All Arizona children deserve easy access to a learning environment appropriate to their needs that allows them to maximize their personal and economic potential.
- Arizona educators should be held to world-class knowledge and teaching standards, offered the support they need to attain those standards, and compensated fairly for achieving them.
- Arizona's P-20 education system should encourage innovation, reward success, hold all stakeholders accountable for their performance, and quickly identify, address and correct failure.
- Arizona's system of financing public education at all levels should ensure a dependable level of resources adequate to meet the goals set for it.



**Dave Howell:** Co-Chairman, Wells Fargo Bank  
**Joe D'Amico:** Co-Chairman, Apollo Group, Inc.



# EDUCATION & WORKFORCE DEVELOPMENT GOALS

## Short-Term Goals:

**Redesign the School Finance System:** Reform Arizona's outdated public school financing system to better allocate resources and improve educational achievement. Structure the system so that it provides the right incentives for cost-effective behavior and improves budget transparency. The system should push towards outcomes rather than seat time and encourage a variety of educational settings, tools, pedagogies and technologies. Schools and districts should be provided with more flexibility to allocate funds in order to achieve better results. Those schools and districts that fail to meet standards, however, should be required to follow more prescriptive, proven methods for allocating funds to improve students' achievement. The system should include an innovation fund to provide resources for new approaches to teaching linked to accountability measures for these experiments.

**Support the Implementation of Common Core Standards with Appropriate Resources and Training:** Recognize that the Common Core is a rigorous new curriculum framework that will better prepare students for lifelong success. To that end, ensure that adequate financial resources are targeted to prepare teachers, schools and districts to effectively implement the new standards and to provide interventions for struggling schools and students. Specifically, support funding for teacher professional development, materials and assessments related to the Common Core.

**Support the Usage of Education Data:** Improve transparency, accountability, efficiency and effectiveness of education by collecting and utilizing data more efficiently. Modernize budget and financial reporting systems to prioritize spending and reduce unnecessary costs. Reducing redundant regulatory and compliance cost by lessening administrative overhead associated with data collection. Provide timely, accurate and meaningful information on educational outcomes by students and teachers – both current and over time – to improve teaching effectiveness and enhance research into education best practices.

**Improve Science, Technology, Engineering and Mathematics Education:** Support policies to improve STEM education at all levels so that Arizona students master a baseline of knowledge that will prepare them for post-secondary education or careers that require advanced math and science skills. Restore funding for proven scholarship programs for teachers of math, science and special education.

**Recruit and Maintain Highly Effective Teachers and Administrators:** Support differentiated and performance-based pay, alternative pathways to teaching careers and successful ongoing professional development and mentoring programs. Develop plans to increase the number of effective teachers and principals in high-poverty schools and hard-to-teach subjects. Support differentiated pay and loan forgiveness programs for math and science teachers.

**Support the Implementation of the New Teacher Evaluation Approach:** Support improved methods for assessing teacher effectiveness and linking teacher performance reviews and compensation to student academic gains. Support the usage of the new evaluations to improve teacher effectiveness and drive a culture of continuous improvement in schools.

**Expand Quality Educational Choice:** Support measures to expand public and private educational options from preschool all the way through post-secondary education, including traditional district and charter public schools, private K-12 schools, distance learning, home schooling, GED and adult basic education (ABE), career and technical education (CTE) and private colleges and universities.

**Reform the Process for Funding School Construction and Maintenance:** A new school capital finance program should be put in place to replace Students FIRST while still meeting the requirements of the Roosevelt v. Bishop court decision. The new system should prioritize funding for maintaining and repairing existing schools; minimize the burden on the state's general fund; encourage resource sharing for the building of sports stadiums, performing art centers, and other non-academic facilities; encourage expanded utilization of new technologies; and improve funding fairness for charter schools.

# EDUCATION & WORKFORCE DEVELOPMENT GOALS

**Support JTEDs, CTE:** Encourage public/private partnerships between industry and Career & Technical Education (CTE) and Joint Technical Education Districts (JTEDs). Oppose any action to discontinue or reduce state and federal funding of career and technical education and Joint Technical Education Districts.

**Support School District Unification and Consolidation:** Consolidate and/or unify school districts when operational efficiencies and/or comprehensive articulation of curricula across districts can be demonstrated and achieved.

**Further Strengthen and Develop the State's Universities:** Collaborate with the Arizona Board of Regents to build upon the existing strengths of the university system and ensure world-class research capabilities, access for qualified students and excellent workforce preparation. Support their proposal to transition to a performance-based funding model.

**Educate Professionals in Critical Shortage Areas:** Encourage post-secondary institutions and businesses to collaborate in order to more quickly ramp up educational and training programs in areas with high demand.

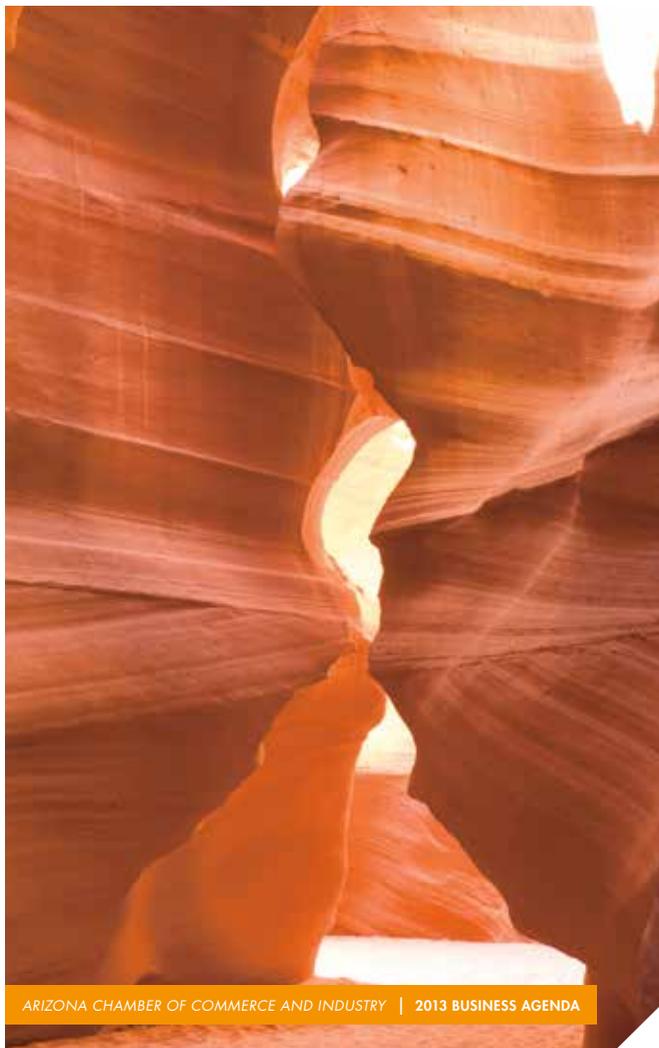
## Long-Term Goals:

**Align Education with Employer Needs:** Support efforts to create a comprehensive higher education system throughout Arizona that includes state universities, community colleges, private universities, other post-secondary institutions, and joint technical education districts. Expand programs to educate professionals in critical shortage areas. Actively recruit and promote private universities to locate and expand in Arizona. Better connect community colleges and joint technical education districts with state universities for the purpose of allowing for a more seamless transition for students.

**Oppose Regulations that would Undermine Student Access to Post-Secondary Education:** Continue to promote the ability of non-traditional students to attend college and to positively affect the workforce pipeline.

**Promote the Use of Technology for Teaching, Learning and Administration:** Provide incentives for schools to utilize technology to improve classroom instruction, accountability and productivity. Ensure that students master the technological skills necessary to succeed in a business environment. Encourage the use of distance learning to expand the availability of Advanced Placement (AP) courses and other specialized programs of study throughout the state.

**Move Towards More Educational Hours for Students:** Support more time on task for students by lengthening the school day and the school year so that Arizona students can master a level of skills and knowledge that will enable them to be competitive on a global basis.



## Principles:

- Advocate for environmental policies that are responsive to Arizona's unique needs based on sound science and do not place an undue burden on the successful operation of business.
- Ensure that any new or expanded environmental regulation, that is deemed necessary, includes a consensus-based stakeholder process, is not duplicative of existing federal or state regulation and is cost-effective in achieving the stated environmental goals.
- Support environmental regulatory agencies that implement and oversee environmental laws and regulations in a fair and consistent manner and with focus on compliance not punishment.
- Ensure compliance by agencies at all levels of government with existing regulatory reform requirements, and support additional regulatory reform policies that provide for full and consistent application of the law and agency accountability.
- Encourage policies that balance the need to increase energy supplies and diversity, improve energy efficiency and protect the environment.
- Ensure that the Arizona Department of Environmental Quality, or local or county entities, instead of the U.S. Environmental Protection Agency or other federal agency, administers federal environmental programs in our state where appropriate.



**Jeff Homer:** *Co-Chairman, General Dynamics C4 Systems*

**Luke Narducci:** *Co-Chairman, Polsinelli Shughart PC*

# ENVIRONMENT GOALS

## Short-Term Goals:

**Ensure Fairness and Accountability for Environmental Fees:** Make certain that any fees put in place by government agencies are subject to strict accountability measures are periodically reviewed, and are used exclusively to provide the specific services for which they are designed and not to fund the general operations of government or help balance the state's general fund.

**Achieve Attainment of the PM-10 NAAQS:** Support the governmental and private entities that are implementing the measures within the 5% plan for PM-10 for the Maricopa County nonattainment area plan and encourage the Environmental Protection Agency to approve this plan. Continue to monitor and advocate for an interpretation of the exceptional events rule that takes the natural conditions of the desert southwest into account.

**Oppose Regulation of Coal Combustion Residuals (CCR) as Hazardous Waste:** Oppose efforts by the United States Environmental Protection Agency to regulate CCR's as hazardous waste under RCRA Subtitle C and support the approach of regulating CCR's as non-hazardous waste to protect the environment and make available an important commodity for Arizona's economic prosperity.

**Support the Water Quality Assurance Revolving Fund (WQARF) Program:** Support adequate funding to achieve the objectives of the WQARF Program as the remediation program for contaminated sites in Arizona. Ensure ADEQ interprets and implements rules as they were written in accordance with the existing statute.

**Continue Regulatory Reform Process:** Support continuation of the regulatory reform process at all levels of government in Arizona, including the implementation of the Lean/Process Improvement methodology at state agencies, in order to promote more consistent government enforcement and compliance policies, increased government accountability and the elimination of barriers to economic development.

**Streamline Environmental Permitting Process:** Work with appropriate regulatory agencies to develop a streamlined and predictable process for obtaining environmental permits in a timely manner. Support the electronic submission of required applications, reports and other documents.

**Improve the Volunteer Remediation Program:** Support efforts to make the Volunteer Remediation Program more efficient, up-to-date and responsive to the needs of program participants to encourage a cleaner environment.

## Long-Term Goals:

**Restore General Funding to Arizona Department of Environmental Quality (ADEQ):** Advocate for the restoration of general fund resources for ADEQ to fund the agency's statutorily mandated operations and other core functions without the use of fees from regulated industry.

**Support Incentive-Based Compliance Programs:** Support state, county and local measures that create effective incentive-based programs for regulated parties who voluntarily implement environmental management systems and other environmental protections.

**Monitor the Nonattainment Area Designation Process:** Advocate for new nonattainment area designations and amendments to the boundaries of existing nonattainment areas to be based primarily on measured violations of ambient standards rather than modeled violations.

**Monitor Federal, Regional and Global Climate Change Policy Discussions:** Review and, when appropriate, seek to influence federal climate change legislation and regulation.

**Achieve Energy Independence to Preserve National Security and Promote Economic Prosperity:** Remove barriers that hinder access to and efficient exploitation of all of our domestic energy resources and promote the construction of the infrastructure required to efficiently and effectively use those resources.

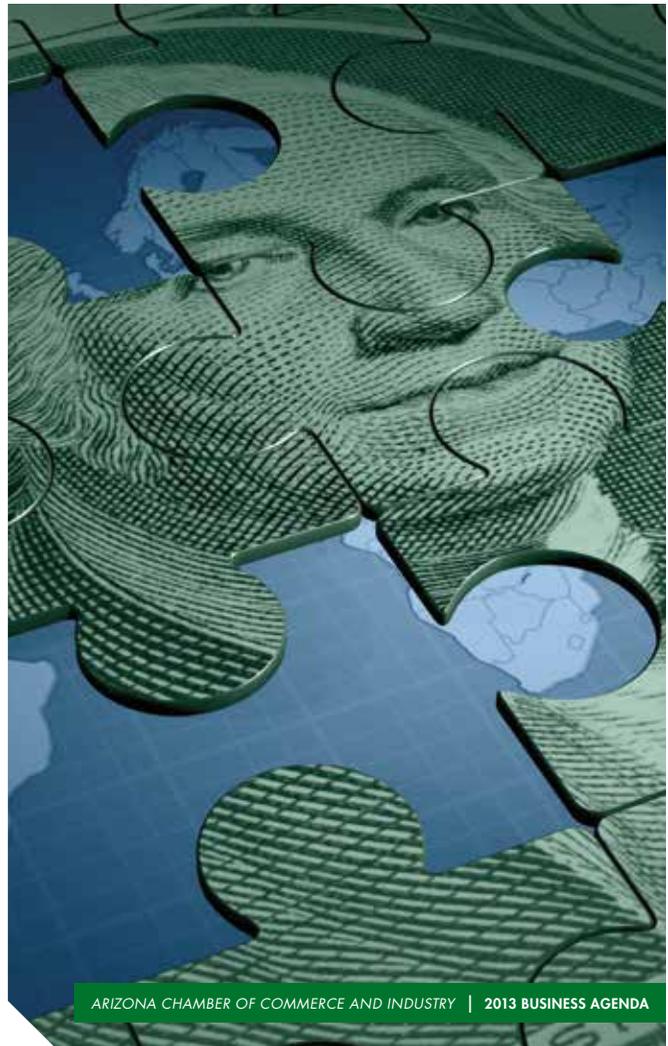
**Oppose State Mandated E-Waste Recycling Programs:** Oppose policies that create new state level bureaucratic processes, require manufacturers to follow a different procedure in Arizona than in other states, add new fees for businesses, or place the entire responsibility for recycling electronic waste on a single industry sector.

## Principles:

- Support a taxation system that is globally competitive, fair, consistent, easily administered and equitable and that provides revenue on the broadest possible basis at the lowest possible tax rates.
- Ensure that Arizona's share of federal spending is proportional to the amount of federal taxes paid by Arizona businesses and citizens, especially in the areas of transportation and health care.
- Where appropriate, retain state or local control over programs in Arizona that would otherwise be administered by the federal government.
- Support legislation that will promote regulatory streamlining and improve agency accountability.
- Develop strong relationships with members of the congressional delegation to ensure that Arizona business interests are well represented in Washington D.C.



**Janna Day:** *Chairman, Brownstein Hyatt Farber Schreck, LLP*



# FEDERAL AFFAIRS GOALS

## Short-Term Goals:

**Oppose the Discount Pricing Consumer Protection Act:** Protect U.S. brands and American jobs by opposing efforts to repeal the Supreme Court's sound antitrust decision in the Leegin case.

**Support Efforts to Expand Trade and Global Commerce:** Advocate for federal actions that open new markets and create new jobs for US businesses. Work toward a U.S. export control system that is more predictable, efficient and transparent and allows U.S. businesses to enter more markets that do not present a security risk.

**Make Arizona a Leader in Unmanned Aircraft Systems (UAS):** Work with key stakeholders to secure Arizona's position as a leading location for research and development, manufacturing, and testing of UAS. Support Arizona's proposal to be designated by the Federal Aviation Administration as a national UAS testing area.

**Support the Development of Interstate 11:** Work with the state's congressional delegation and within the federal transportation appropriations process to ensure funding for the development of Interstate 11.

**Facilitate Border Transportation:** Improve efficiency, add more lanes for traffic and increase hours of operation at ports of entry along the Arizona-Sonora border to facilitate tourism, legal labor mobility, and the movement of safe and secure international trade.

**Facilitate Physician Training:** Support efforts to modernize the system for funding Graduate Medical Education so that the funds are allocated more fairly among the states, caps are not artificially low, funding is more transparent and linked to performance metrics, and hospitals are better able to start new residency programs where needed.

## **Support Tax Reform that Improves America's Global Competitiveness:**

Consider proposals that would broaden the tax base in order to reduce tax rates on individual income, corporate income, capital gains income, and dividend income. Make permanent all of the "Bush Tax Cuts." Improve certainty for U.S. companies making investment in research and development activities by making the federal R&D tax credit permanent rather than continuing to temporarily extend the credit.

## **Support Efforts to Responsibly Balance the Federal Budget and Reduce National Debt:**

Reform major drivers of the deficit and debt, including Medicare and Social Security. Enact targeted spending reductions and avoid sequestration that disproportionately impact core government functions, such as national defense.

**Support the Continuation of the Navajo Generating Station:** Support the continued operation of the Navajo Generating Station as a cost effective energy resource for conveying water through the Central Arizona Project (CAP) aqueduct.

## **Support Comprehensive Federal Immigration Reform that Includes a Market Driven Federal Foreign Worker System:**

- Restructure the federal visa program to better respond to labor market demands and in appropriate circumstances, make foreign worker visas permanent so that businesses and employees have more predictability in their employment situations.
- Improve employer access to advanced degree holders by allowing foreign graduates of American universities to work in the United States legally.
- Support legislation that allows undocumented youth who graduate from college or university or enlist in the military and meet other rigorous conditions to apply for U.S. citizenship.

# FEDERAL AFFAIRS GOALS

- Enact a guest worker program that creates a legal path to work temporarily in the United States.
- Streamline the visa process for foreign investors and workers by allowing for creative solutions, including visas for property ownership and investment.
- Support the creation of a fast, accurate and easy-to-use electronic employment verification system at the federal level that is adequately funded, non-discriminatory and is uniformly applied in all states. Ensure that use of the system provides real protection from state and federal penalties for employers who rely on it in good faith.

**Support a Fair Federal Highway Bill:** Work with Arizona's congressional delegation, the Arizona Department of Transportation, and the Governor's office to advocate for a federal highway bill that, following the expiration of the recently-adopted MAP-21, provides Arizona with a fair share of funds for roads, highways, airport and other transportation needs distributed transparently and with results-based accountability. Support prioritization of funding based on congestion, safety and goods movement, and oppose earmarks for projects that do not meet these criteria.

## Long-Term Goals:

**Oppose Regulatory Overreach by the National Labor Relations Board and other Federal Agencies:** Oppose NLRB and Equal Employment Opportunity Commission rulemakings, rulings and actions that threaten the rights of employers to make sound, lawful business decisions related to the location of their business operations, employment policies and communication with employees. Advocate against federal administrative action that would limit businesses' ability to move facilities and employees across state lines. Maintain the current secret ballot process for union organizing elections and oppose all efforts to infringe upon employer rights with respect to union organizing campaigns.

**Enact a Uniform and Cohesive System for the Collection of State and Local Taxes from Remote Sellers:** Encourage the U.S. Congress to enact legislation to address the Supreme Court ruling in Quill Corporation v. North Dakota and provides for the collection of tax by retailers located out-of-state.

**Support Efforts to Correct Harmful Tariffs:** Encourage U.S. manufacturing jobs by supporting efforts to correct certain harmful tariffs, where government charges a higher tariff rate for import of component parts than it charges for import of a completed product. Also encourage U.S. Manufacturing jobs by supporting reduction or elimination of tariffs for non-domestically produced components (which are not available in the U.S.) used in the assembly of products in the U.S.



### Principles:

- Ensure statewide access to high quality health care.
- Maximize market-based solutions to reduce the large number of uninsured Arizonans.
- Decrease government cost-shifting by reducing the incidence of uncompensated and under-compensated care and supporting adequate state funding for the Arizona Health Care Cost Containment System (AHCCCS) in order to draw down federal matching funds.
- Promote free market delivery of, and payment for, health care services and state autonomy for health care policy in light of federal regulations.
- Champion increased access to meaningful information to aid in patient purchasing and provider decisions.
- Expand the cost-effective and appropriate usage of technology throughout the health care industry.
- Advocate for a cost-effective and equitable civil litigation system that encourages medical professionals to practice in Arizona.
- Oppose price controls, marketing and rating restrictions, unnecessary and costly benefit and coverage requirements and other government mandates
- Support the cost-effective prevention of illness and management of chronic disease, the promotion of wellness and the integration of physical and behavioral health.

# HEALTH CARE GOALS

## Short-Term Goals:

**Reduce Health Care Costs for Business:** Reduce cost-shifting, known as the “hidden health care tax”, to businesses and individuals by adequately reimbursing providers for care rendered to patients on Medicare and AHCCCS. Support the restoration of state and federal funding for coverage provided through voter-approved Proposition 204 and Disproportionate Share Hospital (DSH) programs, and ensure funding levels keep pace with growth in the eligible populations and medical inflation.

### **Support an Increased Number of Health Care Workers Statewide:**

Support efforts to train and recruit physicians, nurses and other health care professionals in both rural and urban areas of the state. Support the restoration of state funding for Graduate Medical Education (GME) which provides funding for hospital residencies in order to draw down federal matching funds. Oppose federal legislation that would reduce funding for Indirect Medical Education (IME).

**Prioritize Legislative Efforts:** In light of sweeping federal reforms that are dramatically changing the health care industry and delivery systems, encourage state lawmakers to prioritize legislation in a way that balances the impact on business and individuals relative to quality care and affordable costs.

## Long-Term Goals:

### **Seek Ways to Pursue State Autonomy and Market-Based Health Insurance**

**Reforms:** Encourage policymakers to evaluate the characteristics of a federally-facilitated exchange when they become available and to consider whether a state solution would better minimize administrative costs while maximizing transparency, competition and choice in the insurance market.

**Reform the Health Care Liability System:** Support legislation to curb lawsuit abuse, reduce the costs of litigation and require specific standards for proof of injury claims. Support proposals to limit the cost of health care provider liability insurance, reduce the number of professional liability lawsuits and limit the amount of medical malpractice payouts in order to attract more health care professionals to Arizona and bring down the costs of health care.

### **Support Further Advancements in the Deployment of Health Information**

**Technology:** Support the expansion of e-prescribing and other technologies to improve access to health care information and reduce costs.

### **Support Innovative Methods for Providing Health Care in Rural Arizona:**

Support the advancement of telemedicine technology and services in order to enhance cost-effective access to quality medical services statewide. Promote distance learning for health care professionals through increased use of telemedicine.



### Principles:

- Continue promoting policies that foster economic growth for minority-owned businesses and emerging markets.
- Create opportunities for small, minority-owned businesses to connect with larger Arizona companies.
- Maximize the potential of the Hispanic market as part of the overall business community.
- Elevate, cultivate, and identify Hispanic leaders within Arizona who can help accomplish these principles.



**Jerry Fuentes:** *Chairman, AT&T Arizona/New Mexico*

# HISPANIC BUSINESS & EMERGING MARKETS GOALS

## Short-Term Goals:

**Support Adequate Funding of Technical Education:** Ensure small and minority-owned businesses have a pipeline of skilled workers by supporting legislation that provides adequate funding for state technical colleges.

**Reduce Regulation:** Work to oppose any legislation that enforces unnecessary and burdensome regulations on businesses, including small and minority-owned businesses. This includes licensing practices, wage and hour mandates, new agency rules, and any regulation that raises the cost of doing business.

## Long-Term Goals:

**Support Equitable Public Procurement Practices:** Seek legislation that supports equitable public procurement practices, creating opportunities for small or minority owned businesses to bid and receive awards.

**Further Develop Trade between Arizona and Mexico:** Support legislation focused on strengthening Arizona's relationship with Mexico, specifically addressing the development of commerce and trade.



### Principles:

- Arizona's legal system for settling disputes should be fair and responsive to the needs of civil litigants. Appropriate checks and balances should be assured in the process of adopting court rules.
- The same principles of reasonable and constitutional checks and balances that apply to Arizona's branches of government should apply to state regulatory agencies, including the Arizona Corporation Commission. Support appropriate balance of power and accountability between the courts, the Legislature, the executive and the Corporation Commission. Regulatory accountability and transparency should help lawmakers and regulators balance the benefits and costs of regulations while protecting the rights of the regulated. Ensure that any new or expanded regulation, that is deemed necessary, includes a thorough and transparent stakeholder process.
- The financial services industry should be allowed maximum flexibility to develop innovative products and practices within the marketplace, using prudent underwriting practices. Access to capital for qualified businesses and consumers should be expanded and economic growth should be promoted.



# LEGAL, REGULATORY & FINANCIAL SERVICES GOALS

## Short-Term Goals:

**Strengthen the Use of Economic Analysis in Rulemaking:** Support the implementation of the new requirement for the economic analysis of proposed rules to be conducted by the Office of Strategic Planning and Budgeting. In light of current fiscal constraints, support a phased-in implementation that begins with the agencies and departments most in need of objective, independent and high quality analysis to supplement rulemakings. Additionally, support efforts to systematically reduce the economic burden of current regulations and provide increased protections for the regulated community to prevent the adoption of burdensome and costly regulations.

**Protect Gains in the Legal Appeal Process:** Ensure that important legislative strides related to the interest rate paid for damages by losing parties while the court considers an appeal are not lost as a result of litigation. Preserve the cap on appeal bonds to ensure that defendants have full access to the appeals process.

**Support Regulatory Accountability:** Encourage the ongoing legislative and agency review of existing regulations to determine whether they are cost-effective and provide increased authority to automatically repeal regulations that are more stringent than federal standards. Absent emergencies, consider a delayed effective date for all regulations to enable an affected person or entity to review and challenge. Improve the ability of the regulated community to repeal agency policies that are actually regulatory requirements. Support measures to curtail the use of the exempt rulemakings that reduce public input and accountability. Ensure that the economic analysis of any proposed new rule is truly objective and reflects the costs created by federal and state legislative requirements as well as the incremental regulatory costs. Oppose efforts by cities and other municipal governments to charge fees for basic services. Restrain the ability to revoke licenses without a showing of harm to health or safety, or fraud. Support efforts to put parameters on the third party appeals to permitting process in order to avoid costs and fees for frivolous appeals.

**Support Further Tort Reform:** Continue to improve Arizona's tort and legal system so it is viewed favorably in the marketplace. Work to transition Arizona to a modified comparative fault state. Oppose measures that would inflate settlement values and prolong the litigation process.

**Expedite Business Permitting and Licensing Processes:** Continue to streamline processes and maximize the use of technology to make it quicker and easier for businesses and professionals to get the permits and licenses necessary to operate at state, county and city levels. Support efforts to establish online licensing and permitting databases for agencies. Encourage the creation of a Web-based one-stop shop for business start-ups. Support efforts to decrease licensing time frames where feasible.

**Extend the Regulatory Moratorium:** Re-institute the statutory moratorium on rulemakings at the state level and extend the moratorium to the cities and counties in order to suspend all rulemakings that add costs to business and that are not required by federal law, necessary for public safety or enable the appropriate aligning and streamlining for state and federal regulations to facilitate business operations. Further, encourage Congress to adopt a regulatory moratorium at the federal level.

**Ensure Fair and Open Regulatory Actions by Government Entities:** Strengthen the Regulatory Bill of Rights at the state, county and city levels. Support appropriate balance of power and accountability between the Legislature, the executive and the Corporation Commission. Encourage efficiency, transparency and consistency with respect to city procurement processes, open meetings, agenda uniformity, advance notice of action and the ability of stakeholders to comment on proposals at the state, county and city levels.

**Oppose Efforts to Limit the Freedom to Contract:** Uphold the agreement of parties to a contract regarding limitation of liability, payment methods and timing.

# LEGAL, REGULATORY & FINANCIAL SERVICES GOALS

**Create a Supportive Environment for Utility Investments:** Encourage the Arizona Corporation Commission to promote utility investment in Arizona in order to enhance the reliability of energy for business operations by timely recovery of capital investments and by creating greater predictability around a fair rate of return on that investment.

## Long-Term Goals:

**Sustain Sound Science in the Regulatory Environment:** Ensure proper implementation of the requirement that regulatory agencies base all rulemaking proceedings on objective scientific standards in the adoption and application of administrative rules and hearings.

**Prohibit the Use of Public Nuisance Statutes in Environmental Liability and Product Liability Cases:** Support legislation to prohibit the inappropriate use of public nuisance statutes to create new causes of action against businesses when environmental or product liability claims are otherwise invalid.

**Promote Fairness in License and Permit Revocation:** Unless contrary to existing law, no license or permit to engage in any profession, occupation, or business activity should be revoked or suspended in a civil proceeding unless it is shown by clear and convincing evidence that the holder of the license or permit knowingly violated a clearly articulated standard of conduct.

**Preserve Advances Made in Tort Reform:** Preserve and protect the progress made to make it easier to recover attorney fees on frivolous cases and to make compliance with regulatory requirements a defense in product liability cases.

**Improve the Court System:** Support changes to the legal system that allow civil cases to be resolved in a timely manner. Encourage continued, constructive dialogue between the Legislature, the courts and the business community regarding legal and judicial reform issues. Improve the system of merit selection and the process for the retention of judges.

**Improve the Civil Litigation System:** Support appropriate changes in civil procedure rules and/or legislation to provide a legal system that promotes prompt resolution of disputes, fairness and certainty, and curbs civil lawsuit abuse. Reduce the costs of litigation. Protect due process rights.

**Secure Property Rights and Protections:** Protect private property rights. Prohibit governmental agencies from issuing subpoenas or seizing papers without reasonable cause. Oppose diminishment of longstanding confidentiality rights. Secure traditional protections for personal and business records and information. Support the right to maintain confidential communications with legal counsel. Encourage expanded federal intellectual property rights protection for American companies.

**Promote Free Market Delivery of Financial Services:** Oppose limits on interest rates, where appropriate. Oppose restrictions on fees, additional regulation on the financial services industry, duplicative or inconsistent privacy and security requirements, restrictions that would inhibit legitimate business use of personal identifying and credit information and government interference in contracts.

The Arizona Small Business Association (ASBA) is a non-partisan, privately funded trade association representing 11,000+ small businesses that employ over half a million people.

ASBA is a statewide organization representing member businesses throughout Arizona in all 15 counties and 30 legislative districts. Members enjoy access to significant group discounts, countless opportunities to do business with other members, a wide variety of insurance products, and their political representation at the state and federal levels.

Founded by small business owners and in continuous operation for forty years, ASBA is the largest trade association in Arizona and the only statewide association dedicated solely to serving and supporting small businesses. ASBA employs a staff of twelve association management professionals in its Phoenix and Tucson offices that are committed to the growth and prosperity of the small business community. As a pro-business organization, ASBA is committed to making Arizona a leading state to launch, grow and support small business.

ASBA strongly believes that what is good for Arizona small businesses is good for Arizona, and the numbers substantiate this. Using the federal definition of less than 500 employees, 97% of Arizona businesses are classified as a small business. Employing over half of all private sector employees, small businesses generated 64% of net new jobs over the past 15 years, and currently pay 44% of the total U.S. private payroll. Two out of every three jobs are created by small businesses.

Small businesses across America continue to drive job growth and, in Arizona collectively, are the economic engine that is leading the state's economic recovery. ASBA supports a business environment that enables small businesses to effectively compete in national and global markets. Economic and fiscal challenges continue to stress the importance for Arizona small businesses to speak with a unified voice on public policy issues. ASBA, in partnership with the Arizona Chamber of Commerce and Industry is that voice.



ASBA continuously monitors issues that are most concerning to Arizona small businesses and have the widest reaching impact. Connecting with its members and understanding what policy issues keep small business owners and operators up at night is essential to ASBA's successful advocacy efforts. The following are ASBA's priorities and policy positions:

## Taxation

Arizona taxes on corporate income, state and local sales, gross receipts, capital gains and business property place costly constraints on small business owners that stifle entrepreneurship and job creation. ASBA supports a comprehensive reform of Arizona's tax system to make it more competitive with other states and encourage business investment. In particular, ASBA supports measures to:

- Reduce the complexity and reporting requirements of Arizona's Transaction Privilege Tax while minimizing the fiscal impact on local and county governments.
- Enact reforms that decrease uncertainty and additional burdens to help Arizona small businesses comply with the state's tax requirements.

ASBA supports users paying the true cost of the government services they obtain, but opposes using fee increases as a means of funding general government operations.

## Regulations

Excessive regulation and burdensome documentation represent additional costs and increased risks for businesses which hinder economic growth. Regulation accounts for a fixed cost that every small business must overcome and widens the gap which leads to profitability and job creation. ASBA strongly supports:

- Limiting regulatory expansion extending to counties and cities, and conducting an objective economic analysis of any proposed new regulations.

- Expediting business permitting and licensing practices, and extending the current suspension of new agency rules that raise business costs and are not required by federal law.
- Increased transparency by publishing all state business regulations on the Secretary of State's website.

ASBA opposes arbitrary wage and hour mandates and other forms of state and federal encroachment into free enterprise.

## Economic Development

While most economic development activity is focused on the recruitment of large businesses to Arizona; existing small businesses continue to be the driving force in job creation and economic development in our state. ASBA supports legislation and incentives that not only support the recruitment of new businesses to our state but also benefit and provide resources to existing Arizona small businesses. ASBA supports economic development policies that provide:

- Streamlined and accessible local sourcing programs.
- Increased access to capital for start-up and early-stage technology firms.
- Equitable unemployment insurance policies.
- Just workers' compensation laws that protect the rights of employers.

ASBA favors public policy that provides additional tools to our state's economic development toolbox that will increase Arizona's competitiveness.

## Education

ASBA believes sustainable economic growth requires a strong educational foundation. Increasing the performance of Arizona schools and teachers is essential to prepare students with the skills to meet the growing demands of today's employment opportunities. ASBA supports public policy that:

- Promotes the development of a market and achievement based compensation structure to recruit and maintain qualified instructors and administrators.
- Initiatives to expand school choice through charter schools, distance learning, home schooling and career and technical education programs.
- Post-secondary education that provides a premier workforce that supports economic growth and that better aligns Arizona's colleges and universities with employer needs.

ASBA supports the Arizona Legislature and believes that our elected officials and the legislative process should determine how public education in Arizona gets funded.

## Health Care

Affordable access to a range of health care options and freedom of choice are critical factors to small business owners. Uncertainty and rising cost of health care continues to be a significant concern for Arizona entrepreneurs and the future of their businesses. Conceptually, ASBA supports the establishment of a State Insurance Exchange with minimal regulations and opposes mandate-driven policies that dictate coverage and services that place excessive, unnecessary costs and regulations on small business.

## Summary

Taxation, regulation, economic development, education and health care continue to be the five most critical issues impacting Arizona small businesses across the board. ASBA is committed to focusing its public policy efforts on these areas and continue to form policy positions that address the needs of small business owners. These efforts will be primarily focused at the state level where ASBA believes it can make the greatest contributions to benefit Arizona small businesses.



## Principles:

Support a taxation system that is globally competitive, fair, consistent, easily administered and equitable and that provides revenue on the broadest possible basis at the lowest possible tax rates. The taxation system should stimulate economic growth, encourage capital investment in Arizona, promote a business climate that enhances economic vitality, and improve the quality of life for all Arizonans. To that end, the taxation system should:

### Property Tax

- Reduce disparities that unfairly single out business or other non-residential property for disproportionate taxation.

### Income Tax

- Reduce income tax rates for businesses and individuals to enhance economic growth and competitiveness with other states and nations, and ensure income is fairly apportioned for all business types.

### Sales Tax

- Promote a simplified and uniform administration of the transaction privilege tax system across jurisdictions and maintain competitive rates.

### Fees

- Make certain that any fee put in place by a government entity is subject to strict accountability measures, is used exclusively to provide the specific services for which it is designed, and where appropriate, is temporary in nature.

# TAXATION GOALS

## Short-Term Goals:

**Support Sales and Use Tax Uniformity and Simplification:** Support reforms to the transaction privilege tax (TPT) and use tax that create greater uniformity between state, county and city tax bases, standardize tax imposition and definitional language, and facilitate implementation of any federal legislation related to sales and use tax collection by online retailers. These reforms will simplify the tax systems and reduce tax compliance costs on business.

**Avoid Double Taxation of Products Manufactured in Arizona:** Expand the existing transaction privilege tax exemption for direct materials incorporated into a manufactured product to include indirect materials used in the production process.

**Do Not Harm the Economy Through Tax Increases:** Oppose efforts to prevent scheduled property and income tax reductions or increase taxes that would make Arizona a less competitive business location, such as expanding of the sales tax base to include business-to-business services, eliminating or suspending proven economic development incentives, enacting significant fee increases, or increasing the Qualifying Tax Rate (QTR), which would drive up local property taxes.

**Limit Agency Fee Setting Authority and Prevent Fund Sweeps:** Make certain that any fee increase put in place by a government entity is subject to strict accountability measures. Where appropriate, ensure that the fee is temporary in nature and is used exclusively to provide the specific services for which it is designed and not to fund the general operations of government entities or to help balance the general fund. Restore any fees that have already been swept when the state's fiscal situation improves. Establish a path to return agencies to general fund funding rather than exclusively user fee-based funding.

**Maintain a Competitive Research and Development Tax Credit:** Closely monitor the state's research and development tax credit to ensure it continues to be competitive with other locations and serves as a powerful business retention and recruitment tool. Permanently extend the current structure of the credit beyond 2018.

**Make the Federal Research and Development Tax Credit Permanent:** Improve certainty for U.S. companies making investments in research and development activities by making the federal R&D tax credit permanent rather than continuing to extend the credit temporarily.

**Enact a Cohesive System for the Collection of State and Local Taxes from Remote Sellers:** Encourage the U.S. Congress to enact legislation to address the Supreme Court ruling in Quill Corporation v. North Dakota regarding the ability of states to enforce the collection of tax by retailers located out-of-state.

**Support Federal Tax Policy that Improves America's Global Competitiveness:** Improve certainty for taxpayers by making permanent all of the tax reductions, including the capital gains tax, dividends tax, income tax and estate tax reductions, among others. Support efforts to responsibly balance the federal budget and reform major drivers of the national deficit and debt, including Medicare and Social Security, that could result in future tax increases if not properly addressed in the short term.

**Reduce the Insurance Premium Tax:** Reduce the insurance premium tax to a level commensurate with the corporate income tax.

## Long-Term Goals:

**Reduce Capital Gains Taxes:** Stimulate investment by further reducing taxes on capital gains by increasing the size of the existing deduction for capital gains income from 25% to 57% in order to better align Arizona's tax code with that of the federal government.

**Encourage the Growth of Arizona-Based Intangible Service Providers:** Expand the enacted elective 100% sales factor for service providers, which includes an option that allows either market-based or cost of performance sourcing to providers of intangible services (i.e., rental, leasing and licensing activities).

**Move Towards More Competitive Business Property Tax Rates:** Continue reducing the assessment ratio for business property taxes with the long-term goal of reaching uniformity with residential property taxes. Support a single assessment ratio for all types of property. Permanently eliminate state equalization assistance property tax rate.

**Reduce Income Tax Rates:** Reduce the individual income tax rate in order to be more competitive as it is the tax paid by most small and medium sized businesses.

## Principles:

- Enhance Arizona's global competitiveness as a business location.
- Retain and strengthen the state's existing high-wage industries.
- Strongly promote economic diversification and the growth of emerging sectors, including renewable energy, health care, education, biotech and other technologies.
- Advocate for policies that encourage job retention and creation.
- Promote broad awareness of Arizona's economic performance and the importance of key technology sectors to the state's future economic success.
- Position Arizona employers to compete in the global economy by continuing to build a skilled workforce, modern infrastructure, capital, consistent and predictable state budgetary, tax, and regulatory processes, a marketplace open to international trade and world-class research and development.



**Bill Terry:** *Chairman, IBM Corporation*



# TECHNOLOGY & ECONOMIC DEVELOPMENT GOALS

## Short-Term Goals:

**Support and Leverage the Work of the Arizona Commerce Authority:** Support the work of the Arizona Commerce Authority to lead statewide economic development activities, make Arizona a more competitive business location, be a magnet for foreign direct investment, expand existing businesses and attract new businesses.

**Ensure the Future of Arizona's Military and Public Airports:** Support cooperation between the governor, Legislature, tribal and municipal governments, and private entities on compatible land use planning and zoning in areas surrounding airports and restricted airspace. Public and military airports are key economic drivers in the state. Arizona's rapid population growth has led to residential encroachment around airports, which has resulted in restricted hours of operation and strict limitations on aircraft arrivals and departures. Efforts to prevent unbridled encroachment will help to ensure the future of the aviation industry and related jobs in Arizona. Support the extension of Military Reuse Zones to augment economic development efforts around additional airports through more competitive tax treatment for eligible aerospace and aviation companies.

**Preserve the Job Training Fund:** Oppose fund sweeps from the Job Training Fund as a means of balancing the state budget. The Job Training Fund is funded by a dedicated tax on employers to provide job-specific grants for customized training programs for new and incumbent workers that increase and update their skills.

**Maintain a Competitive Research and Development Tax Credit:** Closely monitor the state's research and development tax credit to ensure it continues to be competitive with other locations and serves as a powerful business retention and recruitment tool. Permanently extend the current structure of the credit beyond 2018.

**Stimulate Early-Stage Capital Formation:** Encourage innovative solutions that increase access to capital by start-up and early-stage businesses across the state in order to support the development of new businesses and increase economic diversification.

**Make Arizona a Leader in High-Wage Industries:** Develop a strategy to retain, attract, and encourage capital investment in businesses focused on research and development, manufacturing, and testing in order to create new high wage jobs and stimulate the economy.

## Long-Term Goals:

**Promote University Research and Technology Commercialization:** Increase private sector funding of research and development at state universities. Increase receipts of federal research grants. Facilitate the ownership of intellectual property rights resulting from joint research efforts. Foster the commercialization of innovations developed in universities by industries in Arizona.

**Expand Broadband Connectivity throughout the State:** Support policies that remove regulatory barriers and reduce government-driven costs that inhibit private investment in expansion of broadband services in Arizona. Promote fair competition in the expansion of privately funded and constructed communications infrastructure throughout Arizona and support voluntary private sector efforts to improve broadband adoption.

**Develop the Greater Phoenix Area into the Commercial Hub for the Southwest United States:** Advance the Arizona <> Southwest Project centered around local commercial airports to drive commercial air cargo and related activities including ground transportation, customs entry and exit, logistics and warehousing. Support efforts to develop the career and technical education pathways that will be required to generate a sufficient supply of employees for the jobs that the Arizona <> Southwest Project will create.

## Principles:

- Promote policies that strengthen Arizona's position as a highly desirable business and leisure travel destination.
- Support efforts to market Arizona as a top visitor destination.
- Support efforts to enhance the image of Arizona as a positive and attractive place to visit and do business.
- Support policies that attract export-oriented businesses and that encourage international trade and travel.
- Advocate for trade agreements that eliminate tariffs and non-tariff barriers to trade, and policies such as modernized export control policies that encourage access to international markets for U.S. goods.
- Encourage the development of trade-facilitating infrastructure such as airports, land border ports of entry, railroads and highways.



**Debbie Johnson:** *Chairman, Arizona Lodging and Tourism Association*

# TOURISM & TRADE COMMITTEE GOALS

## Short-Term Goals:

**Promote Tourism Awareness:** Increase awareness of the positive economic impact of Arizona tourism to elected officials and business and community leaders.

**Guard Against Unfair Tourist Taxes:** Discourage public policy initiatives that would unfairly tax Arizona visitors or the visitor industry.

**Support the AOT:** Support the viability of the Arizona Office of Tourism.

**Support Visa Reform:** Encourage efforts at a federal level that will expand the Visa Waiver Program, lessen visa wait times, and lead to longer-term visas.

**Seek to Open New Markets for Arizona Business:** Work with the Arizona Commerce Authority to advocate for increased access to new markets for Arizona businesses through the enhanced deployment of trade delegations and local trade promotion offices in strategic international locations.

**Support Policies that Promote Medical Tourism:** Support policies that enhance Arizona's reputation as a world class destination for cutting-edge health care facilities and services.

**Support Arizona Cross-Border Trade in Mexican Produce:** Oppose Administration moves to terminate U.S.-Mexico tomato import agreement, which could lead to retaliatory tariffs against U.S. goods.

## Long-Term Goals:

**Seek Sustained Tourism Promotion:** Support a sustainable, long-term mechanism for state tourism promotion.

**Support Financial Tools to Open New Markets to U.S. Goods:** Ensure the continued viability of the Export-Import Bank to help facilitate access to emerging markets for U.S. manufactured goods.

**Support a More Business-Friendly Export Control System:** Work toward a U.S. export control system that is more predictable, efficient and transparent and allows U.S. businesses to enter more markets that do not present a security risk.

**Engage Private Sector in Port Management and Construction:** Support public-private partnerships that would allow the private sector to engage in the construction and management of land border ports of entry in order to facilitate the flow of low-risk cross-border commerce.

**Support a Strong National Aviation Policy:** Support the adoption of a strong national aviation policy, enhance U.S. airline industry viability, and enable airlines to increase air service.

**Support International Flight Arrivals and Departures:** Support efforts to lure more international airline arrivals and departures from Arizona airports.

## Principles:

- Promote the development, funding and implementation of a multi-modal ground and air transportation system to support Arizona's growing population and economy and facilitate intra-state, interstate, and cross-border commerce.
- Support highway, road, rail and air travel safety measures to protect motorists and passengers.
- Advance the development of and access to modern and dependable technology infrastructure.
- Promote the development of critical energy infrastructure, including long-range planning for utility corridors, cost effective and proven electric infrastructure such as generation and transmission facilities and natural gas infrastructure such as transmission, distribution and storage facilities.



**David Berry:** *Chairman, Swift Transportation Corporation*  
**Linda Gorman:** *Vice Chairman, AAA Arizona*



# TRANSPORTATION & INFRASTRUCTURE GOALS

## Short-Term Goals:

**Protect Dedicated Transportation Funding:** Support the repayment of past sweeps of dedicated transportation funding, such as fuel taxes, vehicle and aviation license taxes and vehicle and aviation registration fees, to balance the state's general fund. Ensure that the Highway Users Revenue Fund (HURF) and the State Aviation Fund are used only for transportation projects and airport facilities. Develop a schedule for full repayment of the funds historically taken from the HURF as soon as the state's fiscal situation improves.

**Ensure Sufficient Funding for Statewide Highway and Road Construction:** Invest wisely in statewide highway and road construction to facilitate commerce and reduce congestion in order to attract and grow business. Ensure that adequate, dedicated public funding is available for current and future transportation needs. Funding mechanisms should emphasize a "user pays" model.

**Strengthen Rail Operations in Arizona:** Support planning efforts that will enhance the efficiency and convenience with which goods and people are moved through the state. Concentrate regulation of railroads within a single regulatory agency.

**Support the Development of Interstate 11:** Work within the state's congressional delegation and within the federal transportation appropriations process to ensure funding for the development of Interstate 11.

**Support the Development of Toll Roads in Arizona that Meet Specific Criteria:** Support consumer-friendly, cost-effective toll road development in Arizona where appropriate on new, not yet committed or funded roads. Support will be conditional on meeting this and other criteria, including ensuring strict financial accountability to road users and taxpayers.

## Long-Term Goals:

**Support a Fair Federal Transportation Bill:** Work with Arizona's congressional delegation, the Arizona Department of Transportation, and the Governor's office to advocate for a federal highway bill that, following the expiration of the recently-adopted MAP-21, provides Arizona with a fair share of funds for roads, highways, airport and other transportation needs distributed transparently and with results-based accountability. Support prioritization of funding based on congestion, safety and goods movement, and oppose earmarks for projects that do not meet these criteria.

**Facilitate Border Transportation:** Improve efficiency, add more lanes for traffic and increase hours of operation at ports of entry along the Arizona-Sonora border to facilitate tourism, legal labor mobility, and the movement of safe and secure international trade. Support efforts to educate the public on new Department of Homeland Security requirements for cross border travel.

**Support Measures to Increase Road Safety:** Enact a primary seat belt law and other proven measures to increase safety on Arizona's roads and highways.

**Prevent Loss of Federal Transportation Funds for Air Quality Violations:** Ensure that Maricopa County meets the required performance metrics outlined in the regional air quality plan to reduce particulate matter (PM-10) pollution that was approved by the federal Environmental Protection Agency in order to avoid federal transportation funding penalties.

# TRANSPORTATION & INFRASTRUCTURE GOALS

**Sustain Air Transportation:** Support efforts to preserve and further develop the state's commercial air service industry and encourage efficient and safe passenger and cargo operations.

**Encourage Natural Gas Storage:** Adopt legislation or rules to facilitate natural gas storage.

**Diversify Energy Supply:** Encourage diversification of energy supply including renewables, advanced nuclear and advanced coal technologies. Support distributed generation, such as Combined Heat and Power, for businesses and other consumers.

**Promote the Development of Critical Energy Infrastructure:** Support long-range planning for utility corridors, transmission, substations and natural gas distribution and storage.

**Support Cost Effective and Proven Methods for Utility Infrastructure**

**Improvements and Maintenance:** Support the implementation of policies for infrastructure improvements and associated maintenance actions that keep Arizonan's employed, and help make Arizona attractive to business. Advocate for policies and practices, at all levels of government, that remove barriers that would otherwise hamper improvements and maintenance, and place the burden of cost directly upon both ratepayers and taxpayers.



### Mission:

The Veterans and Military Affairs Committee acts as a resource and connector for employers that are interested in helping veterans transition from military to civilian employment. The committee highlights the economic opportunities associated with veterans as employees, entrepreneurs and small business owners with a vision for making Arizona one of the most attractive states for veterans, active duty military, the National Guard, the Reserve and their families to live and work. The Committee supports public policies that aid in the transition to civilian employment for veterans and military spouses.

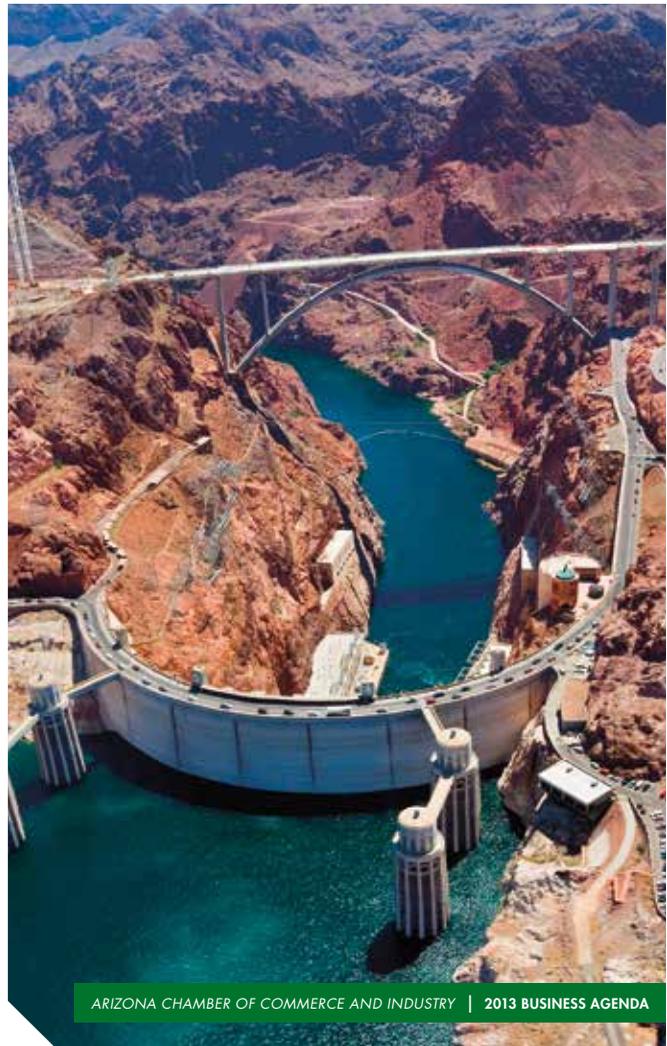
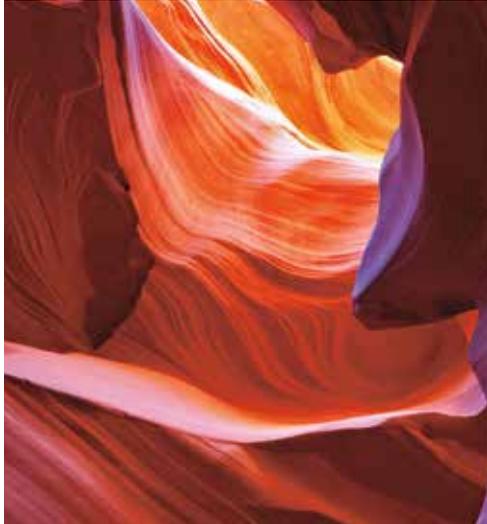
### Policy Agenda:

**Allow Relevant Military Experience to Count towards Training Requirements for Professions that Require a State License or Certification:** Identify those professions that require a state license or certification where military experience could reasonably be used as a substitute for the standard training and educational requirements. Pursue legislation and work with regulating bodies and professional boards to facilitate the acceptance of military certifications and experience in order to make it quicker and easier for veterans to transition to civilian employment.

**Create a Business Start-Up Program for Veteran Entrepreneurs:** Work with the Arizona Commerce Authority to develop a program for veterans who want to start a small business. Make available business loans or grants that could be used for start up costs, such as equipment purchases, business-occupied real-estate purchases, and inventory. Ensure that the program is transparent, competitive and includes safeguards to guarantee appropriate usage and repayment of the funds.

## Principles:

- Demonstrate the importance of Arizona's water resources to industry, the economy and the ecology of the state in light of recent years of drought and increasing demand.
- Promote a vibrant and growing economy while maintaining good stewardship of our water, State Trust Lands, forests, minerals, wildlife and other natural resources, including vigilant defense of Arizona's rights in the Colorado River.



**Gena Trimble:** *Chairman, SRP*  
**Molly Greene:** *Vice Chairman, SRP*  
**Don Isaacson:** *Vice Chairman, Isaacson and Moore*

# WATER & NATURAL RESOURCES GOALS

## Short-Term Goals:

**Restore Core Funding for Water and Land Management:** Advocate against the sweeping of funds from natural resource agencies and advocate for the restoration of sufficient funding for the Arizona Department of Water Resources, the Arizona Navigable Stream Adjudication Commission, the Arizona State Land Department, and the Arizona Corporation Commission so that they can perform their statutorily-mandated operations and other core functions.

**Extend a Modified Regulatory Moratorium:** Support the continuation of the moratorium in order to deter costly regulations on natural resource industries, as well as promote the streamlining of current regulations, when appropriate, until the economy has recovered.

**Expedite Permitting for New or Expanding Natural Resource Permits:** Support efforts to facilitate appropriate processes and reforms for new or expanding natural resource permits so that the entire natural resource industry can continue to be an important part of the state's economy.

**Oppose Over-Regulation of Coal-Fired Generating Stations:** Oppose federal regulations that impose undue costs which needlessly jeopardize the continuation of coal fired generation that benefits Arizonans.

**Support the Continuation of the Navajo Generating Station:** Support the continued operation of the Navajo Generating Station as a cost effective energy resource for conveying water through the Central Arizona Project (CAP) aqueduct.

## Long-Term Goals:

### Restore Sufficient Funding for Water and Land Management:

- Ensure Arizona Department of Water Resources (ADWR) funding is sufficient and primarily supported by general funding for the Department to fulfill completely all of its statutorily mandated responsibilities, including its role as technical advisor to the Court in the State Water Adjudications.
- Ensure the Arizona Navigable Stream Adjudication Commission is sufficiently funded and primarily supported by general funding in order to conclude the process of determining the navigability of streambeds in Arizona at the time of statehood. This will clear title to the many lands adjacent to historic streambeds that are currently clouded.
- Ensure the State Land Department is sufficiently funded and primarily supported by general funding to allow for timely and appropriate planning and conveyance of State Trust Lands to maximize the return to the trust beneficiaries.
- Ensure the Arizona Corporation Commission is sufficiently funded and primarily supported by general funding to permit timely processing of all permits and regulatory actions and appropriate resolution of regulated water company rate cases addressing investment in water and wastewater infrastructure in the state.

**Promote Sound Water Management:** Promote sensible water conservation policies and sound water management, including:

- Maximize the beneficial use of water and water reuse.
- Support rural communities' enhanced management of water resources along with their development of water supply infrastructure.

# WATER & NATURAL RESOURCES GOALS

**Protect Arizona's Maximum Colorado River Water Supply:** Support protection of Arizona's water rights and entitlements in the Colorado River and elsewhere, including continued support for the implementation of the Lower Colorado River management and shortage sharing agreement criteria, Colorado River augmentation, and activation of the Yuma Desalting Plant to maximize Arizona's interests.

**Support the Central Arizona Groundwater Replenishment District (CAGRDR):** Support the continued implementation of the CAGRDR's plan of operation. Support the CAGRDR's ability to meet current and future recharge obligations.

**Support State Trust Land Reform:** Constructively participate in efforts to develop a Trust Land reform ballot proposition to improve the management and planning of Arizona's Trust Land and to maximize revenues to the trust for the benefit of the public schools and other beneficiaries. Proposals should be fiscally responsible, provide adequate funding for planning and management of Trust Land, provide regulatory accountability, and minimize, to the extent possible, any negative unintended consequences on business.

**Support Natural Resources Industries:** Support policies that further the existence of natural resources industries, including mining, oil and gas, agriculture, ranching, timber, and biomass energy, so they can continue to provide job opportunities throughout the state while promoting good stewardship of the state's natural resources. Monitor regulatory proposals that affect natural resources industries.



### Principles:

- Maintain competitive workers' compensation insurance premiums.
- Limit abuse throughout the workers' compensation system.
- Improve injured worker care and minimize time off the job.
- Protect the integrity and success of Arizona's workers' compensation system by preserving mandatory coverage requirements for all Arizona businesses, either through insurance or self-insurance, and maintaining the requirement that workers must make pre-injury election of remedies.



# WORKERS' COMPENSATION GOALS

## Short-Term Goals:

**Oppose Costly Regulations:** Oppose workers' compensation laws and regulations that will increase the cost of workers' compensation coverage for employers.

**Oppose Further Expansion of Presumption of Compensability:** Oppose efforts to circumvent the traditional workers' compensation claim process. Require that any future presumptions of compensability (or expansions of current presumptions) go through a scientifically-based sunrise process.

**Allow Verification of Outside Income:** As a tool in preventing and identifying workers' compensation fraud, devise a system that enables insurance carriers and self-insured employers to verify if an injured worker is earning wages through other employment while collecting workers' compensation disability payments.

**Support the Establishment of Evidence-Based Medical Standards:** Support the Industrial Commission's effort to develop and implement a process for the use of evidence-based medical treatment guidelines where appropriate, to treat injured workers in order to reduce costs and minimize the time injured employees are unable to work. Evidence-based medicine standards should meet the medical needs of workers' compensation patients and be workable for health care providers. These standards may also include guidelines for supportive care/medical maintenance.

**Implement the Modified Index for the Average Monthly Wage:** Implement the modified index to the Average Monthly Wage by the Industrial Commission with the goal of ensuring a stable and reliable index.

## Long-Term Goals:

**Reform the Supportive Care System:** Support reforms to the supportive care laws that limit abuse and provide for re-evaluation of the patient's condition and ongoing medical care in order to ensure that appropriate care is being provided to sustain the patient's recovery. Require a periodic review of supportive care cases.

**Support Extension of Medical Networks:** Extend the ability to create medical networks from self-insured employers to other businesses, insurance providers and political subdivisions in order to reduce costs and facilitate the coordination of patient care.

**Allow for Full and Final Settlement of Claims:** Enable interested parties to a claim to agree to a full and final settlement that cannot be reopened or rearranged at a later date.

**Limit Government Bureaucracy and Regulation:** Continue the ability of self-insured employers and insurance providers to negotiate directly with providers and oppose hospital fee schedules.

**Clarify the Processing of Bad Faith Claims:** Reestablish the Industrial Commission's role as the exclusive jurisdiction for bad faith claims. Increase the penalties that can be levied by the Industrial Commission for violations. Eliminate the ability for a claimant to be awarded punitive damages in Superior Court.

**Prevent Abuse of Dangerous Prescription Drugs:** Continue to seek legislative solutions to better monitor and control the inappropriate and excessive prescription of highly addictive narcotic drugs to injured workers.



### Principles:

- Maintain and further develop a competitive labor environment that is adaptable to the needs of employers and respectful of the rights of employees.
- Allow employers to establish their own workplace policies without expensive government mandates and regulations.
- Support immigration laws that improve employer access to legal workers, restructure the federal foreign worker system, curtail identity theft, crack down on the cash economy, enable businesses to hire and easily verify workers, and reimburse Arizona's state, county, and local governments and private enterprises for bearing disproportionate financial responsibility for the current federal immigration system.
- Ensure an affordable, stable, competitive and high quality property and casualty insurance system.
- Ensure a fair and competitive system of unemployment insurance.



**Ellen Poole:** *Chairman, USAA*

**David Selden:** *Vice Chairman, The Cavanagh Law Firm*

# WORKPLACE & INSURANCE GOALS

## Short-Term Goals:

**Maintain Employers' Rights to Determine Employment Policies:** Protect employers' rights to determine employment policies and practices. Oppose measures that restrict employers' enforcement of workplace safety policies, create new licensure requirements for security personnel, dictate hiring, leave, or compensation policies, mandate staffing ratios, require access to personnel documents, restrict the use of drug and alcohol testing or weapons policies or interfere with customer service standards. Prevent state and local governments from requiring private sector contractors to meet specific wage or benefit levels as a condition of securing a public contract.

**Clarify Employer Issues Related to the Implementation of the Medical Marijuana Act:** Support legislation clarifying that employers with drug testing policies are protected from wrongful termination lawsuits by employees who are medical marijuana users.

**Support Reasonable and Fair Interpretation of the Motor Vehicle Code:** Clarify jurisdiction of and redirect local law enforcement agencies to limit practice of issuing criminal citations to employee-drivers for minor conditions of commercial vehicles and support commonsense definitions of what is considered to be a commercial vehicle.

**Protect Private Property Rights:** Support the private property rights of employers, including the right to establish weapons policies and other workplace safety regulations. Oppose measures that would allow law enforcement agencies or prosecutors to issue subpoenas for business records without meeting a standard of cause before a court of law.

**Ensure that State Immigration Laws Do Not Harm Legitimate Businesses:** Educate employers on how to comply with state immigration laws related to hiring practices. Protect employers who use the federal employment verification program from investigation and prosecution by state authorities. Prevent employees who use fraudulent identification from receiving back pay in employment dispute cases.

**Implement a Federal System to Electronically Verify Employment Eligibility:** Support the creation of a fast, accurate and easy-to-use electronic employment verification system at the federal level that is adequately funded and non-discriminatory and is uniformly applied in all states. Ensure that use of the system provides real protection from state and federal penalties for employers who rely on it in good faith.

## Support a Federal Foreign Worker System Driven by Market Needs:

- Restructure the federal visa program to respond to the need for workers in areas such as nursing, engineering, computer science, biotechnology and other high technology and innovative fields, and to provide a sufficient number of essential workers in industries such as manufacturing, agriculture, construction, and hospitality. In appropriate circumstances, make foreign worker visas permanent so that businesses and employees have more predictability in their employment situations.
- Improve employer access to advanced degree holders by allowing foreign graduates of American universities to work in the United States legally.
- Support legislation that allows undocumented youth who graduate from college or university or enlist in the military and meet other rigorous conditions to apply for U.S. citizenship.
- Enact a guest worker program that creates a legal path to temporarily work in the United States.
- Streamline the visa process for foreign investors and workers by allowing for creative solutions, including visas for property ownership and investment.

# WORKPLACE & INSURANCE GOALS

**Oppose Federal Regulations or Laws to Dramatically Alter the Process for Establishing a Labor Union:** Continue to support Arizona's efforts to maintain the current secret ballot process for union organizing elections. Oppose all efforts, whether through legislation, litigation or through rulemaking by the National Labor Relations Board, to infringe upon employer rights with respect to union organizing campaigns.

**Oppose Regulatory Overreach by the National Labor Relations Board and other Federal Agencies:** Oppose NLRB and Equal Employment Opportunity Commission actions that threaten the rights of employers to make sound, lawful business decisions related to the location of their business operations, employment policies, enforcement of Arizona's employment at-will doctrine and communication with employees.

**Protect Employee and Employer Rights:** Maintain Arizona's right to work status. Oppose legislation that would require employers to classify independent contractors as employees.

**Protect Employer Property:** Protect employer property, reputation and business interests from damage by malicious concerted action.

**Oppose Efforts to Repeal the Temporary Assessment to Restore UI Trust Fund Solvency:** Ensure that the temporary assessment supported by business stays in place for the originally prescribed duration in order to ensure that Arizona is able to repay its federal loans in a timely manner and avoid penalties from the U.S. Department of Labor.

**Reduce Unemployment Insurance Fraud:** Support measures to discourage fraud and abuse of the UI system. Improve transparency and reporting so that the Arizona Department of Economic Security is better able to detect fraud.

**Protect Business Due Process Rights:** Ensure processes for filing complaints against businesses are fair and transparent, and that law enforcement follows due process in any investigation. Work towards fair and reasonable workplace regulations, without unduly punitive penalties.

**Reform Treble Damage Wage Statute:** Place a reasonable cap on the amount of triple damages that can be awarded in a wage claim lawsuit in order to moderate some of the excessive claims, especially those related to extraordinary commissions, bonuses and severance pay.

# WORKPLACE & INSURANCE GOALS

## Long-Term Goals:

### Promote Free Market Delivery of Insurance Products and Services:

- Increase the flexibility of insurers to develop innovative products and practices and to distinguish them in the marketplace.
- Ensure government programs do not compete with private sector insurance providers.
- Oppose price controls, marketing and rating restrictions, coverage requirements and benefit or coverage mandates on insurance policies.
- Oppose legislation that limits underwriting criteria and the ability to allocate risk.

**Improve the Operations of Arizona's OSHA Programs:** Continuously work to improve the way the Arizona Division of Occupational Safety and Health (ADOSH) interacts with business. Support the adoption of updated rules of procedure for ADOSH proceedings to promote Alternative Dispute Resolution (ADR) and the fair and economical adjudication of OSHA citations. Strengthen the right of businesses to recover their attorney fees and costs when OSHA prosecutions lack substantial justification.

**Amend Arizona's Employment Protection Act:** Seek legislation that clarifies that in whistle-blowing legal cases, an employer is defined as a business rather than supervisors, managers or other employees in their individual capacity.

### Support Enforceability of Employer-Employee Arbitration Agreements:

Allow current and future arbitration agreements between employers and employees to be enforceable by repealing the statute that exempts employer-employee agreements from the Arizona Uniform Arbitration Act.

**Reform the State's Minimum Wage Law:** Support a referral back to the voters to reform Arizona's current minimum wage law, especially the automatic escalator, due to the impact on job creation, job retention, and performance-based pay for all workers. Make Arizona more competitive by ensuring the state's minimum wage rate does not exceed the federal standard.

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AAA Arizona

### **Merl Waschler**

Valley of the Sun United Way

### **Tammy Weinbaum**

American Express

### **Craig Weiss**

NJOY

### **Tim Wetzler**

Enterprise Holdings

### **Tanya Wheeless**

Phoenix Suns

### **Ed Zito**

Alliance Bank of Arizona

3200 North Central Avenue • Suite 1125 • Phoenix, Arizona 85012  
Phone: (602) 248-9172 · Fax: (602) 265-1262 · [www.azchamber.com](http://www.azchamber.com)



**Glenn Hamer**

President / CEO  
[ghamer@azchamber.com](mailto:ghamer@azchamber.com)  
Ext. 115

**Suzanne Kinney**

President, Arizona Chamber Foundation  
[skinney@azchamber.com](mailto:skinney@azchamber.com)  
Ext. 125

**Helen Heiden**

Manager of Government Relations  
[hheiden@azchamber.com](mailto:hheiden@azchamber.com)  
Ext. 128

**Katie Whitchurch**

Vice President of Corporate Relations  
[kwhitchurch@azchamber.com](mailto:kwhitchurch@azchamber.com)  
Ext. 126

**Garrick Taylor**

Senior Vice President of Government Relations  
and Communications  
[gtaylor@azchamber.com](mailto:gtaylor@azchamber.com)  
Ext. 122

**Abraham Hamadeh**

Government Relations Associate  
[ahamadeh@azchamber.com](mailto:ahamadeh@azchamber.com)  
EXT. 117

**Jenna Minegar**

Manager of Corporate Relations and Marketing  
[jminegar@azchamber.com](mailto:jminegar@azchamber.com)  
Ext. 111

**Gretchen Conger Martinez**

Director of Government Relations  
[gmartinez@azchamber.com](mailto:gmartinez@azchamber.com)  
Ext. 124

**Erica Wrublik**

Vice President of Operations  
[ewrublik@azchamber.com](mailto:ewrublik@azchamber.com)  
Ext. 110

**Colleen Kielty**

Director of Events  
[ckielty@azchamber.com](mailto:ckielty@azchamber.com)  
Ext. 123

**R&R Partners** Contract lobbyist







Public Policy Participants and Affiliate Organizations



3200 North Central Avenue • Suite 1125 • Phoenix, Arizona 85012  
Phone: (602) 248-9172 • Fax: (602) 265-1262