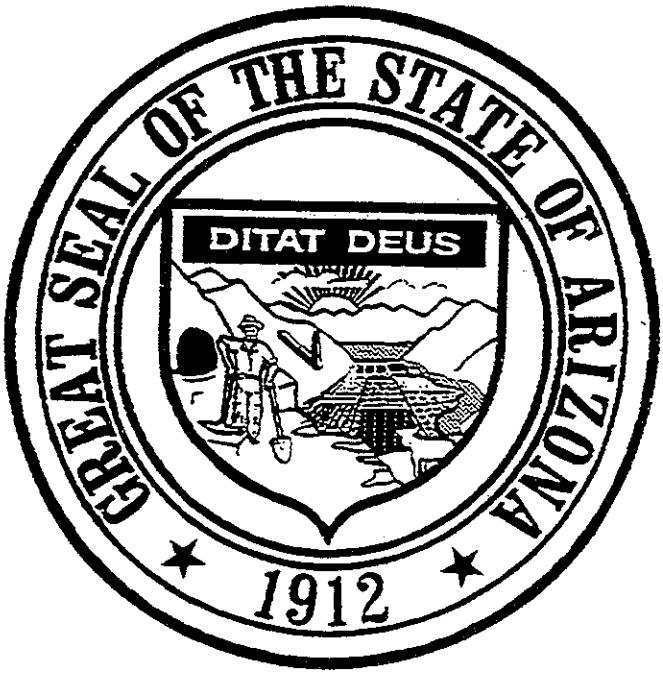
2013
BLENDS



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July 23, 2013

Pursuant to authority of section 41-1304.03, Arizona Revised Statutes, the attached sections are presented as blends or combination sections of law. The blends are based on multiple amendment activity that occurred in the First Regular Session and the First Special Session.

For each blend the publisher will be instructed to indicate in the source note each of the Laws 2013 chapter versions and to include a reviser's note to explain the blend.

Unless otherwise noted, the effective date of each of the following blends is September 13, 2013.

The following blend sections are included:

1.	8-509	(Chs. 126 and 179)
2.	8-807	(Chs. 4 and 220)
3.	9-499	(Chs. 82 and 246)
4.	13-3108	(Chs. 141 and 145)
5.	13-3620	(Ch. 5 (1st SS) and Chs. 182 and 220)
6.	15-185	(Ch. 3 (1st SS) and Ch. 251)
7.	15-241	(Ch. 3 (1st SS) and Ch. 251)
8.	15-341	(Ch. 3 (1st SS) and Ch. 243)
9.	15-393	(Ch. 3 (1st SS) and Chs. 229 and 251)
10.	15-448	(Ch. 3 (1st SS) and Ch. 10)
11.	15-481	(Ch. 3 (1st SS) and Ch. 66) Effective 1/1/14
12.	15-491	(Ch. 3 (1st SS) and Ch. 91)
13.	15-701.01	(Chs. 20 and 252)
14.	15-702	(Chs. 11 and 20)
15.	15-901	(Ch. 3 (1st SS) and Ch. 251)
16.	15-905	(Ch. 3 (1st SS) and Ch. 251)
17.	15-945	(Ch. 3 (1st SS) and Ch. 251)
18.	15-947	(Ch. 3 (1st SS) and Ch. 251)

19.	15-974	(Ch. 3 (1st SS) and Ch. 251)
20.	15-2402	(Chs. 175 and 250)
21.	16-901	(Chs. 98 and 254)
22.	16-905	(Chs. 98 and 254)
23.	20-2901	(Chs. 35 and 160)
24.	22-117	(Ch 5 (1st SS) and Ch. 212) Effective 1/1/14
25.	23-772	(Chs. 17 and 204)
26.	23-787	(Chs. 17 and 204)
27.	28-101	(Chs. 81, 93 and 129)
28.	28-2351	(Chs. 73, 132 and 167)
29.	28-2403	(Chs. 132 and 167)
30.	28-3158	(Chs. 128 and 129)
31.	28-3306	(Chs. 128 and 129)
32.	28-3511	(Chs. 76 and 119)
33.	28-6501	(Chs. 132 and 167)
34.	28-6991	(Chs. 132 and 167)
35.	28-6993	(Chs. 132 and 167)
36.	32-2301	(Chs. 64 and 125)
37.	33-1126	(Chs. 112 and 123)
38.	35-323	(Chs. 157 and 188)
39.	36-2903.01	(Ch. 10 (1st SS) and Ch. 202)
40.	38-727	(Chs. 122 and 217)
41.	38-782	(Chs. 110 and 217)
42.	38-801	(Chs. 111, 122 and 217)
43.	38-810	(Chs. 111 and 217)
44.	38-847	(Chs. 203 and 216)
45	38-848	(Chs. 203 and 217)
46.	41-603	(Chs. 132 and 167)
47.	41-608	(Chs. 132 and 167)
48.	41-1758	(Chs. 128 and 174)
49.	41-1758.01	(Chs. 128 and 174)
50.	41-2501	(Chs. 161 and 190)
51.	41-2503	(Chs. 190 and 238)
52.	42-2003	(Ch. 9 (1st SS) and Chs. 40, 114 and 222)
53.	42-5061	(Ch. 9 (1st SS) and Chs. 120 and 233)
54.	42-5071	(Chs. 114 and 236)
55.	42-5075	(Ch. 9 (1st SS) and Ch. 153)
56.	42-6004	(Ch. 9 (1st SS) and Chs. 27, 120, 153 and 236)
57.	43-1021	(Chs. 114 and 256)
58.	43-1022	(Chs. 114, 236 and 256)
59.	43-1088	(Ch. 9 (1st SS) and Ch. 236)
60.	43-1121	(Chs. 114 and 256)
61.	46-456	(Chs. 67 and 185)
62.	48-805	(Chs. 24 and 232)

EXPLANATION OF BLEND
SECTION 8-509

Laws 2013, Chapters 126 and 179

Laws 2013, Ch. 126, section 2	Effective September 13, 2013
Laws 2013, Ch. 179, section 1	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 126 and Ch. 179 text changes to section 8-509 are blended in the form shown on the following pages.

BLEND OF SECTION 8-509
Laws 2013, Chapters 126 and 179

8-509. Licensing of foster homes; renewal of license; provisional license; exemption from licensure; immunization requirements

A. The division shall license and certify foster homes. Licenses are valid for a period of ~~one year~~ TWO YEARS. Ch. 126 —

B. The division shall not issue a license without satisfactory proof that the foster parent or parents have completed six actual hours of approved initial foster parent training as set forth in section 8-503 and that each foster parent and each other adult member of the household has a valid fingerprint clearance card issued pursuant to section 41-1758.07. The foster parent and each other adult member of the household must certify on forms that are provided by the division and that are notarized whether the foster parent or other adult member of the household is awaiting trial on or has ever been convicted of any of the criminal offenses listed in section 41-1758.07, subsections B and C in this state or similar offenses in another state or jurisdiction.

C. The division shall not renew a license without satisfactory proof that the foster parent or parents have completed six actual hours of approved ongoing foster parent training PER YEAR as set forth in section 8-503. Ch. 126 —

D. Notwithstanding the requirements of subsections B and C of this section, if the division determines a condition of hardship to the foster parent or parents, the division may issue a provisional license for a period not to exceed six months. A provisional license may not be renewed.

E. Child welfare agencies that submit foster homes for licensing shall conduct an investigation of the foster home pursuant to licensing rules of the division. The division shall conduct investigations of all other foster homes. If the foster home meets all requirements set by the division, the agency shall submit an application stating the foster home's qualifications to the division. The agency may also recommend the types of licensing and certification to be granted to the foster home.

F. The division shall accept an adoptive home certification study as a licensing home study if the study has been updated within the past three months to include the information necessary to determine whether the home meets foster care licensing standards.

G. This section ~~shall~~ DOES not apply ~~when~~ IF the child is placed in a home by a means other than by court order and ~~when~~ IF the home ~~receives no~~ DOES NOT RECEIVE compensation from ~~the~~ THIS state or any political subdivision of ~~the~~ THIS state. Ch. 179 —

H. The division ~~shall~~ DOES not prohibit a person operating a licensed foster home from applying for or receiving compensation as a foster home parent due to employment with ~~the~~ THIS state ~~of Arizona~~.

Ch. 179 — I. THE DIVISION SHALL NOT REQUIRE A FOSTER PARENT TO IMMUNIZE THE FOSTER PARENT'S NATURAL OR ADOPTIVE CHILDREN AS A CONDITION OF FOSTER HOME LICENSURE.

Ch. 126 — J. A LICENSEE MAY MODIFY THE RENEWAL DATE OF A LICENSE ISSUED PURSUANT TO THIS SECTION BY SUBMITTING AN APPLICATION FOR MODIFICATION OF RENEWAL DATE WITH THE DIVISION ON A FORM PRESCRIBED BY THE DIVISION. THE LICENSEE MUST SPECIFY THE NEW MONTH OF RENEWAL ON THE APPLICATION. THE MODIFIED RENEWAL DATE MUST BE PRIOR TO, BUT NOT MORE THAN SIX MONTHS EARLIER THAN, THE EXISTING RENEWAL DATE.

EXPLANATION OF BLEND
SECTION 8-807

Laws 2013, Chapters 4 and 220

Laws 2013, Ch. 4, section 1	Effective September 13, 2013
Laws 2013, Ch. 220, section 3	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 4 and Ch. 220 text changes to section 8-807 are blended in the form shown on the following pages.

BLEND OF SECTION 8-807
Laws 2013, Chapters 4 and 220

8-807. CPS information; public record; use; confidentiality; violation; classification; definitions

A. CPS information shall be maintained by the department as required by federal law as a condition of the allocation of federal monies to this state. All exceptions for the public release of CPS information shall be construed as openly as possible under federal law.

B. The department, or a person who receives CPS information pursuant to this subsection, shall provide CPS information to a federal agency, a state agency, a tribal agency, a county or municipal agency, a law enforcement agency, a prosecutor, an attorney or a guardian ad litem representing a child victim of crime pursuant to article II, section 2.1, Constitution of Arizona, a school, a community service provider, a contract service provider or any other person that is providing services pursuant to this chapter:

1. To meet its duties to provide for the safety, permanency and well-being of a child, provide services to a parent, guardian or custodian or provide services to family members to strengthen the family pursuant to this chapter.

2. To enforce or prosecute any violation involving child abuse or neglect.

3. To provide information to a defendant after a criminal charge has been filed as required by an order of the criminal court.

C. The department shall disclose CPS information to a court, a party in a dependency or termination of parental rights proceeding or the party's attorney, the foster care review board or a court appointed special advocate for the purposes of and as prescribed in this title.

D. The department shall disclose CPS information to a domestic relations, family or conciliation court if the CPS information is necessary to promote the safety and well-being of children. The court shall notify the parties that it has received the CPS information.

E. A person or agent of a person who is the subject of CPS information shall have access to CPS information concerning that person.

F. The department:

1. May provide CPS information to confirm, clarify or correct information concerning an allegation or actual instance of child abuse or neglect that has been made public by sources outside the department.

2. Shall promptly provide CPS information to the public regarding a case of child abuse, abandonment or neglect that has resulted in a fatality or near fatality as follows:

(a) The department shall provide preliminary information including
Ch. 220 — AT A MINIMUM:

(i) The name, age and city, town or general location of residence of the child who has suffered a near fatality or fatality.

(ii) The fact that a child suffered a near fatality or fatality as the result of abuse, abandonment or neglect.

(iii) The name, age and city, town or general location of residence of the alleged perpetrator, if available.

(iv) Whether there have been reports, or any current or past cases, of abuse, abandonment or neglect involving the child and the current alleged abusive or neglectful parent, guardian or custodian.

(v) Actions taken by child protective services in response to the fatality or near fatality of the child.

Ch. 220 (vi) A DETAILED SYNOPSIS OF PRIOR REPORTS OR CASES OF ABUSE, ABANDONMENT OR NEGLECT INVOLVING THE CHILD AND THE CURRENT ALLEGED ABUSIVE OR NEGLECTFUL PARENT, GUARDIAN OR CUSTODIAN AND OF THE ACTIONS TAKEN OR DETERMINATIONS MADE BY CHILD PROTECTIVE SERVICES IN RESPONSE TO THESE REPORTS OR CASES.

(b) On request by any person, the department shall promptly provide additional CPS information to the requestor. Before releasing additional CPS information, the department shall promptly notify the county attorney of any decision to release that information, and the county attorney shall promptly inform the department if it believes the release would cause a specific, material harm to a criminal investigation. After consulting with the county attorney, pursuant to subdivision (c) of this paragraph, the department shall produce to the requestor as much additional CPS information as promptly as possible about a case of child abuse, abandonment or neglect that resulted in a fatality or near fatality.

(c) On request, the department shall continue to provide CPS information promptly to the public about a fatality or near fatality unless:

(i) After consultation with the county attorney, the county attorney demonstrates that release of particular CPS information would cause a specific, material harm to a criminal investigation.

(ii) The release would violate subsection A or ~~K~~ L of this section or the privacy of victims of crime pursuant to article II, section 2.1, subsection C, Constitution of Arizona.

(d) If any person believes that the county attorney has failed to demonstrate that release would cause a specific, material harm to a criminal investigation, that person may file an action in superior court pursuant to title 39, chapter 1, article 2 and subsection ~~I~~ J of this section and request the court to review the CPS information in camera and order disclosure.

Ch. 4 3. May provide CPS information to a person who is conducting bona fide research, the results of which might provide CPS information that is beneficial in improving child protective services.

4. May provide access to CPS information to the parent, guardian or custodian of a child if the CPS information is reasonably necessary to promote the safety, permanency and well-being of the child.

G. THE DEPARTMENT SHALL DISCLOSE CPS INFORMATION TO A COUNTY MEDICAL EXAMINER OR AN ALTERNATE MEDICAL EXAMINER DIRECTING AN INVESTIGATION INTO THE CIRCUMSTANCES SURROUNDING A DEATH PURSUANT TO SECTION 11-593.

~~G.~~ H. Access to CPS information in the central registry shall be provided as prescribed in section 8-804.

~~H.~~ I. To provide oversight of child protective services, the department shall provide access to CPS information to the following persons, if the CPS information is reasonably necessary for the person to perform the person's official duties:

1. Federal or state auditors.

2. Persons conducting any accreditation deemed necessary by the department.

3. A standing committee of the legislature or a committee appointed by the president of the senate or the speaker of the house of representatives for purposes of conducting investigations related to the legislative oversight of the department of economic security. This information shall not be further disclosed unless a court has ordered the disclosure of this information, the information has been disclosed in a public or court record, or the information has been disclosed in the course of a public meeting or court proceeding.

4. A legislator who requests CPS information in the regular course of the legislator's duties. This information shall not be further disclosed unless a court has ordered the disclosure of this information, the information has been disclosed in a public or court record, or the information has been disclosed in the course of a public meeting or court proceeding. To request a file pursuant to this paragraph:

(a) The legislator shall submit a written request for CPS information to the presiding officer of the body of which the state legislator is a member. The request shall state the name of the person whose case file is to be reviewed and any other information that will assist the department in locating the file.

(b) The presiding officer shall forward the request to the department within five working days of the receipt of the request.

(c) The department shall make the necessary arrangements for the legislator to review the file at an office of the department, chosen by the legislator, within ten working days.

(d) The legislator shall sign a form, consistent with the requirements of this paragraph and paragraph 3 of this subsection, before reviewing the file, that outlines the confidentiality laws governing child protective services files and penalties for further release of the information.

5. A citizen review panel as prescribed by federal law, a child fatality review team as provided in title 36, chapter 35 and the office of ombudsman-citizens aide.

~~I.~~ J. A person who has been denied CPS information regarding a fatality or near fatality caused by abuse, abandonment or neglect pursuant to subsection F, paragraph 2 or subsection ~~K~~ L of this section may bring a special action pursuant to section 39-121.02 in the superior court to order the department to release that CPS information. A legislator has standing to bring or to join a special action regarding the release of CPS information or to challenge the redaction of released CPS information. The plaintiff shall provide notice to the county attorney, who has standing and may participate in the action. The court shall review the

Ch. 4

requested records in camera and order disclosure consistent with
Ch. 4 —— subsection A, subsection F, paragraph 2 and subsection ~~K~~ L of this section. The court shall take reasonable steps to prevent any clearly unwarranted invasions of privacy and protect the privacy and dignity of victims of crime pursuant to article II, section 2.1, subsection C, Constitution of Arizona.

~~J.~~ K. The department or a person who is not specifically authorized by this section to obtain CPS information may petition a judge of the superior court to order the department to release CPS information. The plaintiff shall provide notice to the county attorney, who has standing and may participate in the action. The court shall review the requested records in camera and shall balance the rights of the parties who are entitled to confidentiality pursuant to this section against the rights of the parties who are seeking the release of the CPS information. The court may release otherwise confidential CPS information only if the rights of the parties seeking the CPS information and any benefits from releasing the CPS information outweigh the rights of the parties who are entitled to confidentiality and any harm that may result from releasing the CPS information. The court shall take reasonable steps to prevent any clearly unwarranted invasions of privacy and protect the privacy and dignity of victims of crime pursuant to article II, section 2.1, subsection C, Constitution of Arizona.

Ch. 4 —— ~~K.~~ L. Except as provided in subsection ~~L~~ M of this section, before it releases records under this section, the department shall take whatever precautions it determines are reasonably necessary to protect the identity and safety of a person who reports child abuse or neglect and to protect any other person if the department believes that disclosure of the CPS information would be likely to endanger the life or safety of any person. The department is not required by this section to disclose CPS information if the department demonstrates that disclosure would cause a specific, material harm to a child protective services investigation. The department is not required by this section to disclose CPS information if, in consultation with the county attorney, the county attorney demonstrates that disclosure would cause a specific, material harm to a criminal investigation.

~~L.~~ M. A person who is the subject of an unfounded report or complaint made pursuant to this chapter and who believes that the report or complaint was made in bad faith or with malicious intent may petition a judge of the superior court to order the department to release the CPS information. The petition shall specifically set forth reasons supporting the person's belief that the report or complaint was made in bad faith or with malicious intent. The court shall review the CPS information in camera and the person filing the petition shall be allowed to present evidence in support of the petition. If the court determines that there is a reasonable question of fact as to whether the report or complaint was made in bad faith or with malicious intent and that disclosure of the identity of the person making the report or complaint would not be likely to endanger the life or safety of the person making the report or complaint, it shall provide a copy of the CPS information to the person filing the petition and the original CPS information is subject to

discovery in a subsequent civil action regarding the making of the report or complaint.

~~M.~~ N. The department shall provide the person who conducts a forensic medical evaluation with any records the person requests, including social history and family history regarding the child, the child's siblings and the child's parents or guardians.

~~N.~~ O. The department shall provide CPS information on request to a prospective adoptive parent, foster parent or guardian, if the information concerns a child the prospective adoptive parent, foster parent or guardian seeks to adopt or provide care for.

~~O.~~ P. If the department receives information that is confidential by law, the department shall maintain the confidentiality of the information as prescribed in the applicable law.

~~P.~~ Q. A person may authorize the release of CPS information about the person but may not waive the confidentiality of CPS information concerning any other person.

~~Q.~~ R. The department may provide a summary of the outcome of a child protective services investigation to the person who reported the suspected child abuse or neglect.

~~R.~~ S. The department shall adopt rules to facilitate the accessibility of CPS information.

~~S.~~ T. The department may charge a fee for copying costs required to prepare CPS information for release pursuant to this section.

~~T.~~ U. A person who violates this section is guilty of a class 2 misdemeanor.

~~U.~~ V. For the purposes of this section:

1. "CPS information" includes all information the department gathers during the course of a child protective services investigation conducted under this chapter from the time a file is opened and until it is closed. CPS information does not include information that is contained in child welfare agency licensing records.

2. "Near fatality" means an act that, as certified by a physician, including the child's treating physician, places a child in serious or critical condition.

EXPLANATION OF BLEND
SECTION 9-499

Laws 2013, Chapters 82 and 246

Laws 2013, Ch. 82, section 1	Effective September 13, 2013
Laws 2013, Ch. 246, section 1	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 82 and Ch. 246 text changes to section 9-499 are blended in the form shown on the following pages.

The Laws 2013, Ch. 82 version made technical changes in subsection A, paragraph 3. The Ch. 246 version deleted subsection A, paragraph 3. Since this would not produce a substantive change, the blend version reflects the Ch. 246 version.

BLEND OF SECTION 9-499
Laws 2013, Chapters 82 and 246

9-499. Removal of rubbish, trash, weeds, filth, debris and dilapidated buildings; removal by city; costs assessed; collection; priority of assessment; definitions

A. The governing body of a city or town, by ordinance, shall compel the owner, lessee or occupant of property to remove FROM THE PROPERTY AND ITS CONTIGUOUS SIDEWALKS, STREETS AND ALLEYS ANY rubbish, trash, weeds or other accumulation of filth, debris or dilapidated [~~structures~~] ~~which~~ [BUILDINGS] THAT constitute a hazard to public health and safety ~~from~~ [~~buildings,~~] ~~grounds, lots, contiguous sidewalks, streets and alleys~~. An ordinance shall require:

Ch. 246 Chs. 82 and 246 Ch. 246 Ch. 82 Chs. 82 and 246

1. Written notice to the owner, the owner's authorized agent or the owner's statutory agent and to the occupant or lessee. The notice shall be served either by personal service or by certified mail. If notice is served by certified mail, the notice shall be mailed to the last known address of the owner, the owner's authorized agent or the owner's statutory agent and to the address to which the tax bill for the property was last mailed. The notice shall be given not less than thirty days before the day set for compliance and shall include the legal description of the property and the cost of such removal to the city or town if the owner, occupant or lessee does not comply. The owner shall be given not less than thirty days to comply. The city or town may record the notice in the county recorder's office in the county in which the property is located. If the notice is recorded and compliance with the notice is subsequently satisfied, the city or town shall record a release of the notice.

2. Provisions for appeal ~~to and a hearing by the governing body of the city or town or a board of citizens that is appointed by the governing body~~ on both the notice and the assessments, unless the removal or abatement is ordered by a court.

~~3. That any person, firm or corporation that places any rubbish, trash, filth or debris~~ [~~upon~~] ~~any private or public property not owned or under the control of that person, firm or corporation is guilty of a class 1 misdemeanor or a civil violation and, in addition to any fine or penalty~~ [~~which~~] ~~may be imposed for a violation~~ [~~of any provision~~] ~~of this section, is liable for all costs~~ [~~which~~] ~~may be assessed pursuant to this section for removing, abating or enjoining the rubbish, trash, filth or debris.~~

Ch. 246 Chs. 82 and 246

3. THAT ANY PERSON THAT RECKLESSLY PLACES OR CAUSES TO BE PLACED ANY RUBBISH, TRASH, FILTH OR DEBRIS ON ANY PROPERTY NOT OWNED OR UNDER THE CONTROL OF THAT PERSON:

(a) IS GUILTY OF A CLASS 1 MISDEMEANOR OR A CIVIL VIOLATION UNLESS THAT PERSON IMMEDIATELY REMOVES OR CAUSES TO BE REMOVED THE RUBBISH, TRASH, FILTH OR DEBRIS FROM THAT PROPERTY. ONE HUNDRED PER CENT OF ANY ASSESSED

FINE OR CIVIL PENALTY SHALL BE DEPOSITED IN THE GENERAL FUND OF THE CITY OR TOWN IN WHICH THE FINE OR CIVIL PENALTY WAS ASSESSED. AT LEAST FIFTY PER CENT OF THE FINE OR CIVIL PENALTY SHALL BE USED BY THE CITY OR TOWN FOR THE PURPOSES OF ILLEGAL DUMPING CLEANUP.

(b) IN ADDITION TO ANY FINE OR PENALTY IMPOSED FOR A VIOLATION OF THIS SECTION, IS LIABLE FOR ALL COSTS THAT MAY BE ASSESSED PURSUANT TO THIS SECTION FOR REMOVING, ABATING OR ENJOINING THE RUBBISH, TRASH, FILTH OR DEBRIS AND FOR ALL COSTS INCURRED BY THE OWNER, LESSEE, OCCUPANT OR LIENHOLDER OF THE PROPERTY IN THE REMOVAL AND DISPOSAL OF THE RUBBISH, TRASH, FILTH OR DEBRIS.

Ch. 246 (c) IF REQUIRED TO REMOVE ANY RUBBISH, TRASH, FILTH OR DEBRIS PURSUANT TO THIS SECTION, SHALL PROVIDE THE CITY OR TOWN WITH A RECEIPT FROM A DISPOSAL FACILITY OR OTHER DOCUMENTATION EVIDENCING LAWFUL DISPOSAL OF THE RUBBISH, TRASH, FILTH OR DEBRIS.

B. ANY PERSON THAT PLACES OR CAUSES TO BE PLACED ANY RUBBISH, TRASH, FILTH OR DEBRIS ON ANY PROPERTY THAT IS MORE THAN FORTY ACRES IN SIZE AND THAT IS NOT OWNED OR UNDER THE CONTROL OF THAT PERSON RETAINS OWNERSHIP OF THE RUBBISH, TRASH, FILTH OR DEBRIS UNTIL THE PERSON LAWFULLY DISPOSES OF THE RUBBISH, TRASH, FILTH OR DEBRIS.

~~B.~~ C. The ordinance may provide that if any person with an interest in the property, including an owner, lienholder, lessee or occupant, after notice as required by subsection A, paragraph 1 of this section does not remove ~~such~~ OR CAUSE TO BE REMOVED THE rubbish, trash, weeds, filth, debris Ch. 82 or dilapidated ~~structures~~ BUILDINGS and abate the condition ~~which~~ THAT constitutes a hazard to public health and safety, the city or town may remove, abate, enjoin or cause their removal.

Chs. 82 and 246 ~~C.~~ D. The governing body of the city or town may prescribe by ordinance a procedure for the removal or abatement, and for making the actual cost of the removal or abatement, including the actual costs of any additional inspection and other incidental connected costs, an assessment ~~upon~~ ON the property from which the rubbish, trash, weeds[,'STRUCTURES] or other accumulations are removed or abated. Ch. 246

~~D.~~ E. The ordinance may provide that the cost of removal, abatement Ch. 246 or injunction of ~~such~~ THE rubbish, trash, weeds, filth, debris or dilapidated ~~structures~~ BUILDINGS from any [~~lot or tract of land~~'PROPERTY], and associated Ch. 246 Ch. 82 legal costs for abatement or injunctions, shall be assessed on the property from which the rubbish, trash, weeds, accumulations or dilapidated ~~structures~~ BUILDINGS are removed, abated or enjoined. The city or town may record the assessment in the county recorder's office in the county in which the property is located, including the date and amount of the assessment, the legal description of the property and the name of the city or town imposing the assessment. Any assessment recorded after July 15, 1996 is prior and superior to all other liens, obligations, mortgages or other encumbrances, except liens for general taxes. A sale of the property to satisfy an assessment obtained under ~~the provisions of~~ this section shall be made ~~upon~~ ON judgment of foreclosure and order of sale. A city or town shall have the Chs. 82 and 246 right to bring an action to enforce the assessment in the superior court in the county in which the property is located at any time after the recording of the assessment, but failure to enforce the assessment by such action shall not affect its validity. The recorded assessment ~~shall be~~ IS prima facie

evidence of the truth of all matters recited in the assessment and of the regularity of all proceedings ~~prior to~~ BEFORE the recording of the assessment. THE ASSESSMENT PROVIDED FOR IN THIS SUBSECTION SHALL NOT BE LEVIED AGAINST STATE OR FEDERAL PROPERTY.

Ch. 246

~~E.~~ F. Assessments that are imposed under ~~subsection D of~~ this section run against the property until paid and are due and payable in equal annual installments as follows:

1. Assessments of less than five hundred dollars shall be paid within one year after the assessment is recorded.

2. Assessments of five hundred dollars or more but less than one thousand dollars shall be paid within two years after the assessment is recorded.

3. Assessments of one thousand dollars or more but less than five thousand dollars shall be paid within three years after the assessment is recorded.

4. Assessments of five thousand dollars or more but less than ten thousand dollars shall be paid within six years after the assessment is recorded.

5. Assessments of ten thousand dollars or more shall be paid within ten years after the assessment is recorded.

~~F.~~ G. An assessment that is past due accrues interest at the rate prescribed by section 44-1201.

~~G.~~ H. A prior assessment for the purposes provided in this section shall not be a bar to a subsequent assessment or assessments for these purposes, and any number of assessments on the same ~~lot or tract of land~~ PROPERTY may be enforced in the same action.

Ch. 246

~~H.~~ I. This section applies to all cities and towns organized and operating under the general law of this state, and cities and towns organized and operating under a special act or charter.

Chs. 82 and 246

~~I.~~ J. For THE purposes of this section:

1. "DILAPIDATED BUILDING" MEANS ANY REAL PROPERTY STRUCTURE THAT IS LIKELY TO BURN OR COLLAPSE AND ITS CONDITION ENDANGERS THE LIFE, HEALTH, SAFETY OR PROPERTY OF THE PUBLIC.

Ch. 82

2. OWNER DOES NOT INCLUDE A STATE OR FEDERAL LANDOWNER.

~~1.~~ 3. "Property" includes ~~buildings, grounds, lots and tracts of land~~ REAL PROPERTY AND STRUCTURES ON THE REAL PROPERTY.

Ch. 246

~~2. "Structures" includes buildings, improvements and other structures that are constructed or placed on land.~~

Ch. 82

EXPLANATION OF BLEND
SECTION 13-3108

Laws 2013, Chapters 141 and 145

Laws 2013, Ch. 141, section 1	Effective September 13, 2013
Laws 2013, Ch. 145, section 6	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 141 and Ch. 145 text changes to section 13-3108 are blended in the form shown on the following pages.

BLEND OF SECTION 13-3108
Laws 2013, Chapters 141 and 145

13-3108. Firearms regulated by state; state preemption; violation; classification; definition

Ch. 145 A. Except as provided in subsection ~~F~~ G of this section, a political subdivision of this state shall not enact any ordinance, rule or tax relating to the transportation, possession, carrying, sale, transfer, purchase, acquisition, gift, devise, storage, licensing, registration, discharge or use of firearms or ammunition or any firearm or ammunition components or related accessories in this state.

B. A political subdivision of this state shall not require the licensing or registration of firearms or ammunition or any firearm or ammunition components or related accessories or prohibit the ownership, purchase, sale or transfer of firearms or ammunition or any firearm or ammunition components, or related accessories.

C. A political subdivision of this state shall not require or maintain a record in any form, whether permanent or temporary, including a list, log or database, of any of the following:

1. Any identifying information of a person who leaves a weapon in temporary storage at any public establishment or public event, except that the operator of the establishment or the sponsor of the event may require that a person provide a government issued identification or a reasonable copy of a government issued identification for the purpose of establishing ownership of the weapon. The operator or sponsor shall store any provided identification with the weapon and shall return the identification to the person when the weapon is retrieved. The operator or sponsor shall not retain records or copies of any identification provided pursuant to this paragraph after the weapon is retrieved.

Ch. 141 2. Except in the course of a law enforcement investigation, any identifying information of a person who OWNS, POSSESSES, purchases, sells or transfers a firearm~~, unless the transaction involves a federally licensed firearms dealer~~.

3. The description, including the serial number, of a weapon that is left in temporary storage at any public establishment or public event.

D. A political subdivision of this state shall not enact any rule or ordinance that relates to firearms and is more prohibitive than or that has a penalty that is greater than any state law penalty. A political subdivision's rule or ordinance that relates to firearms and that is inconsistent with or more restrictive than state law, whether

Chs. 141 and 145 enacted before or after ~~the effective date of the amendment to this section~~ JULY 29, 2010, is null and void.

E. A political subdivision of this state shall not enact any ordinance, rule or regulation limiting the lawful taking of wildlife

during an open season established by the Arizona game and fish commission unless the ordinance, rule or regulation is consistent with title 17 and rules and orders adopted by the Arizona game and fish commission. This subsection does not prevent a political subdivision from adopting an ordinance or rule restricting the discharge of a firearm within one-fourth mile of an occupied structure. For THE purposes of this subsection, "take" has the same meaning prescribed in section 17-101.

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F. THIS STATE, ANY AGENCY OR POLITICAL SUBDIVISION OF THIS STATE AND ANY LAW ENFORCEMENT AGENCY IN THIS STATE SHALL NOT FACILITATE THE DESTRUCTION OF A FIREARM OR PURCHASE OR OTHERWISE ACQUIRE A FIREARM FOR THE PURPOSE OF DESTROYING THE FIREARM EXCEPT AS AUTHORIZED BY SECTION 13-3105 OR 17-240.

~~F.~~ G. This section does not prohibit a political subdivision of this state from enacting and enforcing any ordinance or rule pursuant to state law or relating to any of the following:

1. Imposing any privilege or use tax on the retail sale, lease or rental of, or the gross proceeds or gross income from the sale, lease or rental of, firearms or ammunition or any firearm or ammunition components at a rate that applies generally to other items of tangible personal property.

2. Prohibiting a minor who is unaccompanied by a parent, grandparent or guardian or a certified hunter safety instructor or certified firearms safety instructor acting with the consent of the minor's parent, grandparent or guardian from knowingly possessing or carrying on the minor's person, within the minor's immediate control or in or on a means of transportation a firearm in any place that is open to the public or on any street or highway or on any private property except private property that is owned or leased by the minor or the minor's parent, grandparent or guardian. Any ordinance or rule that is adopted pursuant to this paragraph shall not apply to a minor who is fourteen, fifteen, sixteen or seventeen years of age and who is engaged in any of the following:

(a) Lawful hunting or shooting events or marksmanship practice at established ranges or other areas where the discharge of a firearm is not prohibited.

(b) Lawful transportation of an unloaded firearm for the purpose of lawful hunting.

(c) Lawful transportation of an unloaded firearm for the purpose of attending shooting events or marksmanship practice at established ranges or other areas where the discharge of a firearm is not prohibited.

(d) Any activity that is related to the production of crops, livestock, poultry, livestock products, poultry products or ratites or storage of agricultural commodities.

3. The regulation of land and structures, including a business relating to firearms or ammunition or their components or a shooting range in the same manner as other commercial businesses. Notwithstanding any other law, this paragraph does not authorize a

political subdivision to regulate the sale or transfer of firearms on property it owns, leases, operates or controls in a manner that is different than or inconsistent with state law. For the purposes of this paragraph, a use permit or other contract that provides for the use of property owned, leased, operated or controlled by a political subdivision shall not be considered a sale, conveyance or disposition of property.

4. Regulating employees or independent contractors of the political subdivision who are acting within the course and scope of their employment or contract.

5. Limiting or prohibiting the discharge of firearms in parks and preserves except:

(a) As allowed pursuant to chapter 4 of this title.

(b) On a properly supervised range as defined in section 13-3107.

(c) In an area approved as a hunting area by the Arizona game and fish department. Any such area may be closed when deemed unsafe by the director of the Arizona game and fish department.

(d) To control nuisance wildlife by permit from the Arizona game and fish department or the United States fish and wildlife service.

(e) By special permit of the chief law enforcement officer of the political subdivision.

(f) As required by an animal control officer in performing duties specified in section 9-499.04 and title 11, chapter 7, article 6.

(g) In self-defense or defense of another person against an animal attack if a reasonable person would believe that deadly physical force against the animal is immediately necessary and reasonable under the circumstances to protect oneself or the other person.

~~G.~~ H. A violation of any ordinance established pursuant to subsection ~~F~~ G, paragraph 5 of this section is a class 2 misdemeanor unless the political subdivision designates a lesser classification by ordinance.

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~~H.~~ I. For the purposes of this section, "political subdivision" includes a political subdivision acting in any capacity, including under police power, in a proprietary capacity or otherwise.

EXPLANATION OF BLEND
SECTION 13-3620

Laws 2013, First Special Session, Chapter 5
Laws 2013, First Regular Session, Chapters 182 and 220

Laws 2013, First Special Session, Ch. 5, section 2	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 182, section 1	Effective September 13, 2013
Laws 2013, First Regular Session, Ch. 220, section 4	Effective September 13, 2013

Explanation

Since these three enactments are not incompatible, the Laws 2013, First Special Session, Ch. 5 and Laws 2013, First Regular Session, Ch. 182 and Ch. 220 text changes to section 13-3620 are blended in the form shown on the following pages.

The Laws 2013, First Regular Session, Ch. 220 version of section 13-3620, subsection D, added the word "electronically" after "telephone or" and the Laws 2013, First Special Session, Ch. 5 version of that subsection added the phrase "either electronically or" before "by telephone". Since this would not produce a substantive change, the blend version reflects the Laws 2013, First Special Session, Ch. 5 version.

BLEND OF SECTION 13-3620
Laws 2013, First Special Session, Chapter 5 and Laws 2013, First Regular Session, Chapters 182 and 220

13-3620. Duty to report abuse, physical injury, neglect and denial or deprivation of medical or surgical care or nourishment of minors; medical records; exception; violation; classification; definitions

A. Any person who reasonably believes that a minor is or has been the victim of physical injury, abuse, child abuse, a reportable offense or neglect that appears to have been inflicted on the minor by other than accidental means or that is not explained by the available medical history as being accidental in nature or who reasonably believes there has been a denial or deprivation of necessary medical treatment or surgical care or nourishment with the intent to cause or allow the death of an infant who is protected under section 36-2281 shall immediately report or cause reports to be made of this information to a peace officer or to child protective services in the department of economic security, except if the report concerns a person who does not have care, custody or control of the minor, the report shall be made to a peace officer only. A member of the clergy, A christian science practitioner or A priest who has received a confidential communication or a confession in that person's role as a member of the clergy, A christian science practitioner or a priest in the course of the discipline enjoined by the church to which the member of the clergy, christian science practitioner or priest belongs may withhold reporting of the communication or confession if the member of the clergy, christian science practitioner or priest determines that it is reasonable and necessary within the concepts of the religion. This exemption applies only to the communication or confession and not to personal observations the member of the clergy, christian science practitioner or priest may otherwise make of the minor. For the purposes of this subsection, "person" means:

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1. Any physician, physician's assistant, optometrist, dentist, osteopath, chiropractor, podiatrist, behavioral health professional, nurse, psychologist, counselor or social worker who develops the reasonable belief in the course of treating a patient.

2. Any peace officer, CHILD WELFARE INVESTIGATOR, CHILD PROTECTIVE SERVICES WORKER, member of the clergy, priest or christian science practitioner.

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3. The parent, stepparent or guardian of the minor.

4. School personnel or domestic violence victim ~~advocate~~ ADVOCATES who develop the reasonable belief in the course of their employment.

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5. Any other person who has responsibility for the care or treatment of the minor.

B. A report is not required under this section EITHER:

1. For conduct prescribed by sections 13-1404 and 13-1405 if the conduct involves only minors who are fourteen, fifteen, sixteen or seventeen years of age and there is nothing to indicate that the conduct is other than consensual.

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2. IF A MINOR IS OF ELEMENTARY SCHOOL AGE, THE PHYSICAL INJURY OCCURS ACCIDENTALLY IN THE COURSE OF TYPICAL PLAYGROUND ACTIVITY DURING A SCHOOL DAY, OCCURS ON THE PREMISES OF THE SCHOOL THAT THE MINOR ATTENDS AND IS REPORTED TO THE LEGAL PARENT OR GUARDIAN OF THE MINOR AND THE SCHOOL MAINTAINS A WRITTEN RECORD OF THE INCIDENT.

C. If a physician, psychologist or behavioral health professional receives a statement from a person other than a parent, stepparent, guardian or custodian of the minor during the course of providing sex offender treatment that is not court ordered or that does not occur while the offender is incarcerated in the state department of corrections or the department of juvenile corrections, the physician, psychologist or behavioral health professional may withhold the reporting of that statement if the physician, psychologist or behavioral health professional determines it is reasonable and necessary to accomplish the purposes of the treatment.

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D. Reports shall be made immediately EITHER ELECTRONICALLY OR by telephone ~~or in person and shall be followed by a written report within seventy-two hours~~. The reports shall contain THE FOLLOWING INFORMATION, IF KNOWN:

1. The names and addresses of the minor and the minor's parents or the person or persons having custody of the minor~~, if known~~.

2. The minor's age and the nature and extent of the minor's abuse, child abuse, physical injury or neglect, including any evidence of previous abuse, child abuse, physical injury or neglect.

3. Any other information that the person believes might be helpful in establishing the cause of the abuse, child abuse, physical injury or neglect.

E. A health care professional who is regulated pursuant to title 32 and who, after a routine newborn physical assessment of a newborn infant's health status or following notification of positive toxicology screens of a newborn infant, reasonably believes that the newborn infant may be affected by the presence of alcohol or a drug listed in section 13-3401 shall immediately report this information, or cause a report to be made, to child protective services in the department of economic security. For the purposes of this subsection, "newborn infant" means a newborn infant who is under thirty days of age.

F. Any person other than one required to report or cause reports to be made under subsection A of this section who reasonably believes that a minor is or has been a victim of abuse, child abuse, physical injury, a reportable offense or neglect may report the information to a peace officer or to child protective services in the department of economic security, except if the report concerns a person who does not have care, custody or control of the minor, the report shall be made to a peace officer only.

G. A person who has custody or control of medical records of a minor for whom a report is required or authorized under this section shall make the records, or a copy of the records, available to a peace officer, CHILD WELFARE INVESTIGATOR or child protective services worker investigating the minor's neglect, child abuse, physical injury or abuse on written request for the records signed by the peace officer, CHILD WELFARE INVESTIGATOR or child protective services worker. Records disclosed pursuant to this subsection are confidential and may be used only in a judicial or administrative proceeding or investigation resulting from a report required or authorized under this section.

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H. When ~~telephone or in-person~~ reports are received by a peace officer, the officer shall immediately notify child protective services in the department of economic security and make the information available to ~~them~~ CHILD PROTECTIVE SERVICES. Notwithstanding any other statute, when child protective services receives these reports ~~by telephone or in person~~, it shall immediately notify a peace officer in the appropriate jurisdiction AND THE OFFICE OF CHILD WELFARE INVESTIGATIONS IN THE DEPARTMENT OF ECONOMIC SECURITY.

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I. Any person who is required to receive reports pursuant to subsection A of this section may take or cause to be taken photographs of the minor and the vicinity involved. Medical examinations of the involved minor may be performed.

J. A person who furnishes a report, information or records required or authorized under this section, or a person who participates in a judicial or administrative proceeding or investigation resulting from a report, information or records required or authorized under this section, is immune from any civil or criminal liability by reason of that action unless the person acted with malice or unless the person has been charged with or is suspected of abusing or neglecting the child or children in question.

K. Except for the attorney client privilege or the privilege under subsection L of this section, no privilege applies to any:

1. Civil or criminal litigation or administrative proceeding in which a minor's neglect, dependency, abuse, child abuse, physical injury or abandonment is an issue.

2. Judicial or administrative proceeding resulting from a report, information or records submitted pursuant to this section.

3. Investigation of a minor's child abuse, physical injury, neglect or abuse conducted by a peace officer or child protective services in the department of economic security.

L. In any civil or criminal litigation in which a child's neglect, dependency, physical injury, abuse, child abuse or abandonment is an issue, a member of the clergy, a christian science practitioner or a priest shall not, without his consent, be examined as a witness concerning any confession made to him in his role as a member of the clergy, a christian science practitioner or a priest in the course of the discipline enjoined by the church to which he belongs. ~~Nothing in~~ This subsection ~~discharges~~ DOES NOT DISCHARGE a member of the clergy, a christian science practitioner or a priest from the duty to report pursuant to subsection A of this section.

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

1. Personal information about individuals other than the patient.

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

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N. If any portion of a psychiatric record is excised pursuant to subsection M of this section, a court, ~~upon~~ ON application of a peace officer, CHILD WELFARE INVESTIGATOR or child protective services worker, may order that the entire record or any portion of the record that contains information relevant to the reported abuse, child abuse, physical injury or neglect be made available to the peace officer, CHILD WELFARE INVESTIGATOR or child protective services worker investigating the abuse, child abuse, physical injury or neglect.

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O. A person who violates this section is guilty of a class 1 misdemeanor, except if the failure to report involves a reportable offense, the person is guilty of a class 6 felony.

P. For the purposes of this section:

1. "Abuse" has the same meaning prescribed in section 8-201.

2. "Child abuse" means child abuse pursuant to section 13-3623.

3. "Neglect" has the same meaning prescribed in section 8-201.

4. "Reportable offense" means any of the following:

(a) Any offense listed in chapters 14 and 35.1 of this title or section 13-3506.01.

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(b) Surreptitious photographing, videotaping, filming or digitally recording ~~of~~ OR VIEWING a minor pursuant to section 13-3019.

(c) Child prostitution pursuant to section 13-3212.

(d) Incest pursuant to section 13-3608.

EXPLANATION OF BLEND
SECTION 15-185

Laws 2013, First Special Session, Chapter 3
Laws 2013, First Regular Session, Chapter 251

Laws 2013, First Special Session, Ch. 3, section 3	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 251, section 2	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 3 and Laws 2013, First Regular Session, Ch. 251 text changes to section 15-185 are blended in the form shown on the following pages.

BLEND OF SECTION 15-185
Laws 2013, First Special Session, Chapter 3 and Laws 2013, First Regular Session, Chapter 251

15-185. Charter schools; financing; civil penalty; transportation; definitions

A. Financial provisions for a charter school that is sponsored by a school district governing board are as follows:

1. The charter school shall be included in the district's budget and financial assistance calculations pursuant to paragraph 3 of this subsection and chapter 9 of this title, except for chapter 9, article 4 of this title. The charter of the charter school shall include a description of the methods of funding the charter school by the school district. The school district shall send a copy of the charter and application, including a description of how the school district plans to fund the school, to the state board of education before the start of the first fiscal year of operation of the charter school. The charter or application shall include an estimate of the student count for the charter school for its first fiscal year of operation. This estimate shall be computed pursuant to the requirements of paragraph 3 of this subsection.

2. A school district is not financially responsible for any charter school that is sponsored by the state board of education, the state board for charter schools, a university under the jurisdiction of the Arizona board of regents, a community college district or a group of community college districts.

3. A school district that sponsors a charter school may:

(a) Increase its student count as provided in subsection B, paragraph 2 of this section during the first year of the charter school's operation to include those charter school pupils who were not previously enrolled in the school district. A charter school sponsored by a school district governing board is eligible for the CHARTER ADDITIONAL assistance prescribed in subsection B, paragraph 4 of this section. The ~~soft capital~~ DISTRICT ADDITIONAL ASSISTANCE allocation as provided in section ~~15-962~~ 15-961 for the school district sponsoring the charter school shall be increased by the amount of the CHARTER additional assistance. The school district shall include the full amount of the CHARTER additional assistance in the funding provided to the charter school.

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(b) Compute separate weighted student counts pursuant to section 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter school pupils in order to maintain eligibility for small school district support level weights authorized in section 15-943, paragraph 1 for its noncharter school pupils only. The portion of a district's student count that is attributable to charter school pupils is not eligible for small school district support level weights.

4. If a school district uses the provisions of paragraph 3 of this subsection, the school district is not eligible to include those pupils in its student count for the purposes of computing an increase in its revenue control limit and district support level as provided in section 15-948.

5. A school district that sponsors a charter school is not eligible to include the charter school pupils in its student count for the purpose of computing an increase in its ~~capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE as provided in section 15-961, subsection ~~C~~ B, except that if the charter school was previously a school in the district, the district may include in its student count any charter school pupils who were enrolled in the school district in the prior year.

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6. A school district that sponsors a charter school is not eligible to include the charter school pupils in its student count for the purpose of computing the revenue control limit which is used to determine the maximum budget increase as provided in chapter 4, article 4 of this title unless the charter school is located within the boundaries of the school district.

7. If a school district converts one or more of its district public schools to a charter school and receives assistance as prescribed in subsection B, paragraph 4 of this section, and subsequently converts the charter school back to a district public school, the school district shall repay the state the total CHARTER additional assistance received for the charter school for all years that the charter school was in operation. The repayment shall be in one lump sum and shall be reduced from the school district's current year equalization assistance. The school district's general budget limit shall be reduced by the same lump sum amount in the current year.

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B. Financial provisions for a charter school that is sponsored by the state board of education, the state board for charter schools, a university, a community college district or a group of community college districts are as follows:

1. The charter school shall calculate a base support level as prescribed in section 15-943, except that section 15-941 does not apply to these charter schools.

2. Notwithstanding paragraph 1 of this subsection, the student count shall be determined initially using an estimated student count based on actual registration of pupils before the beginning of the school year. After the first one hundred days or two hundred days in session, as applicable, the charter school shall revise the student count to be equal to the actual average daily membership, as defined in section 15-901, of the charter school. Before the one hundredth day or two hundredth day in session, as applicable, the state board of education, the state board for charter schools, the sponsoring university, the sponsoring community college district or the sponsoring group of community college districts may require a charter school to report periodically regarding pupil enrollment and attendance, and the department of education may revise its computation of equalization assistance based on the report. A charter school shall revise its student count, base support level and CHARTER additional assistance before May 15. A charter school that overestimated

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its student count shall revise its budget before May 15. A charter school that underestimated its student count may revise its budget before May 15.

3. A charter school may utilize section 15-855 for the purposes of this section. The charter school and the department of education shall prescribe procedures for determining average daily membership.

4. Equalization assistance for the charter school shall be determined by adding the amount of the base support level and CHARTER additional assistance. The amount of the CHARTER additional assistance is one thousand six hundred ~~fifty-four~~ EIGHTY-FOUR dollars ~~forty-one~~ NINETEEN cents per student count in PRESCHOOL PROGRAMS FOR CHILDREN WITH DISABILITIES, kindergarten programs and grades one through eight and one thousand nine hundred ~~twenty-eight~~ SIXTY-TWO dollars ~~nineteen~~ NINETY cents per student count in grades nine through twelve.

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5. The state board of education shall apportion state aid from the appropriations made for such purposes to the state treasurer for disbursement to the charter schools in each county in an amount as determined by this paragraph. The apportionments shall be made as prescribed in section 15-973, subsection B.

6. The charter school shall not charge tuition for pupils who reside in this state, levy taxes or issue bonds. A charter school may admit pupils who are not residents of this state and shall charge tuition for those pupils in the same manner prescribed in section 15-823.

7. Not later than noon on the day preceding each apportionment date established by paragraph 5 of this subsection, the superintendent of public instruction shall furnish to the state treasurer an abstract of the apportionment and shall certify the apportionment to the department of administration, which shall draw its warrant in favor of the charter schools for the amount apportioned.

C. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the sum of the daily membership, which includes enrollment as prescribed in section 15-901, subsection A, paragraph 1, subdivisions (a) and (b) and daily attendance as prescribed in section 15-901, subsection A, paragraph 5, for that pupil in the school district and the charter school shall not exceed 1.0~~, except that if the pupil is enrolled in both a charter school and a joint technical education district and resides within the boundaries of a school district participating in the joint technical education district, the sum of the average daily membership for that pupil in the charter school and the joint technical education district shall not exceed 1.25~~. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the department of education shall direct the average daily membership to the school with the most recent enrollment date. ~~Upon~~ ON validation of actual enrollment in both a charter school and a public school that is not a charter school and if the sum of the daily membership or daily attendance for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the public school and the charter school based on the percentage of total time that the pupil is enrolled or in attendance in the public school and the charter school~~, except that if the pupil is enrolled in both a charter school and a joint technical education district and resides within the boundaries of a school~~

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~~district participating in the joint technical education district, the sum of the average daily membership for that pupil in the charter school and the joint technical education district shall be reduced to 1.25 and shall be apportioned between the charter school and the joint technical education district based on the percentage of total time that the pupil is enrolled or in attendance in the charter school and the joint technical education district~~. The uniform system of financial records shall include guidelines for the apportionment of the pupil enrollment and attendance as provided in this section.

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D. Charter schools are allowed to accept grants and gifts to supplement their state funding, but it is not the intent of the charter school law to require taxpayers to pay twice to educate the same pupils. The base support level for a charter school or for a school district sponsoring a charter school shall be reduced by an amount equal to the total amount of monies received by a charter school from a federal or state agency if the federal or state monies are intended for the basic maintenance and operations of the school. The superintendent of public instruction shall estimate the amount of the reduction for the budget year and shall revise the reduction to reflect the actual amount before May 15 of the current year. If the reduction results in a negative amount, the negative amount shall be used in computing all budget limits and equalization assistance, except that:

1. Equalization assistance shall not be less than zero.

2. For a charter school sponsored by the state board of education, the state board for charter schools, a university, a community college district or a group of community college districts, the total of the base support level and the CHARTER additional assistance shall not be less than zero.

3. For a charter school sponsored by a school district, the base support level for the school district shall not be reduced by more than the amount that the charter school increased the district's base support level~~, capital outlay revenue limit~~ and ~~soft capital~~ DISTRICT ADDITIONAL ASSISTANCE allocation.

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E. If a charter school was a district public school in the prior year and is now being operated for or by the same school district and sponsored by the state board of education, the state board for charter schools, a university, a community college district, a group of community college districts or a school district governing board, the reduction in subsection D of this section applies. The reduction to the base support level of the charter school or the sponsoring district of the charter school shall equal the sum of the base support level and the CHARTER additional assistance received in the current year for those pupils who were enrolled in the traditional public school in the prior year and are now enrolled in the charter school in the current year.

F. Equalization assistance for charter schools shall be provided as a single amount based on average daily membership without categorical distinctions between maintenance and operations or capital.

G. At the request of a charter school, the county school superintendent of the county where the charter school is located may provide the same educational services to the charter school as prescribed

in section 15-308, subsection A. The county school superintendent may charge a fee to recover costs for providing educational services to charter schools.

H. If the sponsor of the charter school determines at a public meeting that the charter school is not in compliance with federal law, with the laws of this state or with its charter, the sponsor of a charter school may submit a request to the department of education to withhold up to ten per cent of the monthly apportionment of state aid that would otherwise be due the charter school. The department of education shall adjust the charter school's apportionment accordingly. The sponsor shall provide written notice to the charter school at least seventy-two hours before the meeting and shall allow the charter school to respond to the allegations of noncompliance at the meeting before the sponsor makes a final determination to notify the department of education of noncompliance. The charter school shall submit a corrective action plan to the sponsor on a date specified by the sponsor at the meeting. The corrective action plan shall be designed to correct deficiencies at the charter school and to ensure that the charter school promptly returns to compliance. When the sponsor determines that the charter school is in compliance, the department of education shall restore the full amount of state aid payments to the charter school.

I. In addition to the withholding of state aid payments pursuant to subsection H of this section, the sponsor of a charter school may impose a civil penalty of one thousand dollars per occurrence if a charter school fails to comply with the fingerprinting requirements prescribed in section 15-183, subsection C or section 15-512. The sponsor of a charter school shall not impose a civil penalty if it is the first time that a charter school is out of compliance with the fingerprinting requirements and if the charter school provides proof within forty-eight hours of written notification that an application for the appropriate fingerprint check has been received by the department of public safety. The sponsor of the charter school shall obtain proof that the charter school has been notified, and the notification shall identify the date of the deadline and shall be signed by both parties. The sponsor of a charter school shall automatically impose a civil penalty of one thousand dollars per occurrence if the sponsor determines that the charter school subsequently violates the fingerprinting requirements. Civil penalties pursuant to this subsection shall be assessed by requesting the department of education to reduce the amount of state aid that the charter school would otherwise receive by an amount equal to the civil penalty. The amount of state aid withheld shall revert to the state general fund at the end of the fiscal year.

J. A charter school may receive and spend monies distributed by the department of education pursuant to section 42-5029, subsection E and section 37-521, subsection B.

K. If a school district transports or contracts to transport pupils to the Arizona state schools for the deaf and the blind during any fiscal year, the school district may transport or contract with a charter school to transport sensory impaired pupils during that same fiscal year to a charter school if requested by the parent of the pupil and if the distance

from the pupil's place of actual residence within the school district to the charter school is less than the distance from the pupil's place of actual residence within the school district to the campus of the Arizona state schools for the deaf and the blind.

L. Notwithstanding any other law, a university under the jurisdiction of the Arizona board of regents, a community college district or a group of community college districts shall not include any student in the student count of the university, community college district or group of community college districts for state funding purposes if that student is enrolled in and attending a charter school sponsored by the university, community college district or group of community college districts.

M. The governing body of a charter school shall transmit a copy of its proposed budget or the summary of the proposed budget and a notice of the public hearing to the department of education for posting on the department of education's website no later than ten days before the hearing and meeting. If the charter school maintains a website, the charter school governing body shall post on its website a copy of its proposed budget or the summary of the proposed budget and a notice of the public hearing.

N. The governing body of a charter school shall collaborate with the private organization that is approved by the state board of education pursuant to section 15-792.02 to provide approved board examination systems for the charter school.

O. If permitted by federal law, a charter school may opt out of federal grant opportunities if the charter holder or the appropriate governing body of the charter school determines that the federal requirements impose unduly burdensome reporting requirements.

P. For the purposes of this section:

1. "Monies intended for the basic maintenance and operations of the school" means monies intended to provide support for the educational program of the school, except that it does not include supplemental assistance for a specific purpose or title VIII of the elementary and secondary education act of 1965 monies. The auditor general shall determine which federal or state monies meet the definition in this paragraph.

2. "Operated for or by the same school district" means the charter school is either governed by the same district governing board or operated by the district in the same manner as other traditional schools in the district or is operated by an independent party that has a contract with the school district. The auditor general and the department of education shall determine which charter schools meet the definition in this subsection.

EXPLANATION OF BLEND
SECTION 15-241

Laws 2013, First Special Session, Chapter 3
Laws 2013, First Regular Session, Chapter 251

Laws 2013, First Special Session, Ch. 3, section 4	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 251, section 5	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 3 and Laws 2013, First Regular Session, Ch. 251 text changes to section 15-241 are blended in the form shown on the following pages.

BLEND OF SECTION 15-241
Laws 2013, First Special Session, Chapter 3 and Laws 2013, First Regular Session, Chapter 251

15-241. School and school district accountability; failing schools tutoring fund; classification label for school districts and charter school operators

A. The department of education shall compile an annual achievement profile for each public school and school district.

B. Each school and school district shall submit to the department any data that is required and requested and that is necessary to compile the achievement profile. A school or school district that fails to submit the information that is necessary is not eligible to receive monies from the classroom site fund established by section 15-977.

C. The department shall establish a baseline achievement profile for each school and school district. The baseline achievement profile shall be used to determine a standard measurement of acceptable academic progress for each school and school district and a school and school district classification pursuant to subsection H of this section. Any disclosure of educational records compiled by the department of education pursuant to this section shall comply with the family educational rights and privacy act of 1974 (20 United States Code section 1232g).

D. The achievement profile for schools and school districts that offer instruction in kindergarten programs and grades one through eight, or any combination of those programs or grades, shall include the following school academic performance indicators:

1. The Arizona measure of academic progress. The department shall compute the extent of academic progress made by the pupils in each school and school district during the course of each year.

2. The Arizona instrument to measure standards test. The department shall compute the percentage of pupils who meet or exceed the standard on the Arizona instrument to measure standards test, as prescribed by the state board of education. The superintendent of public instruction and the department may calculate academic gain on the Arizona instrument to measure standards test according to each of the school classifications prescribed in subsection G of this section on a statewide basis, for each school district in this state and for each school by determining the average scale scores for students in the current academic year as compared to the average scale scores for the previous academic year for the same students.

3. The results of English language learners tests administered pursuant to section 15-756, subsection B, section 15-756.05 and section 15-756.06.

E. The achievement profile for schools and school districts that offer instruction in grades nine through twelve, or any combination of those grades, shall include the following school academic performance indicators:

1. The Arizona measure of academic progress. The department shall compute the extent of academic progress made by the pupils at each school.

2. The Arizona instrument to measure standards test. The department shall compute the percentage of pupils pursuant to subsection G of this section who meet or exceed the standard on the Arizona instrument to measure standards test, as prescribed by the state board of education. The superintendent of public instruction and the department may calculate academic gain on the Arizona instrument to measure standards test according to each of the school classifications prescribed in subsection G of this section on a statewide basis, for each school district in this state and for each school by determining the average scale scores for students in the current academic year as compared to the average scale scores for the previous academic year for the same students.

3. The annual dropout rate.

4. The annual graduation rate.

5. The results of English language learners tests administered pursuant to section 15-756, subsection B, section 15-756.05 and section 15-756.06.

F. Schools and school districts that offer instruction in all or a combination of the grades specified in subsections D and E of this section shall include a single achievement profile for that school and school district that includes the school academic performance indicators specified in subsections D and E of this section.

G. Subject to final adoption by the state board of education, the department shall determine the criteria for each school and school district classification using a research based methodology. The methodology shall include the performance of pupils at all achievement levels, account for pupil mobility, account for the distribution of pupil achievement at each school and school district and include longitudinal indicators of academic performance. Fifty per cent of the school and school district classification determination shall consist of academic performance measurements. Fifty per cent of the academic performance measurement shall consist of a measurement of academic gain for all pupils enrolled at the school or school district and fifty per cent of the academic performance measurements shall consist of a measurement of the twenty-five per cent of pupils with the lowest academic performance measurement enrolled at the school or school district. For the purposes of this subsection, "research based methodology" means the systematic and objective application of statistical and quantitative research principles to determine a standard measurement of acceptable academic progress for each school and school district.

H. Except as provided in subsection EE of this section, the achievement profile shall be used to determine a school and school district classification that uses a letter grade system as follows:

1. A school or school district assigned a letter grade of A shall demonstrate an excellent level of performance.

2. A school or school district assigned a letter grade of B shall demonstrate an above average level of performance.

3. A school or school district assigned a letter grade of C shall demonstrate an average level of performance.

4. A school or school district assigned a letter grade of D shall demonstrate a below average level of performance.

5. A school or school district assigned a letter grade of F shall demonstrate a failing level of performance. The state board of education may also assign a school a letter grade of F if the state board of education determines that the school is among the "persistently lowest-achieving schools" in the state under the federal school accountability requirements pursuant to section 1003(g) of the elementary and secondary education act (20 United States Code section 6303).

I. The classification for each school and the criteria used to determine classification pursuant to subsection G of this section shall be included on the school report card prescribed in section 15-746.

J. Subject to final adoption by the state board of education, the department of education shall develop a parallel achievement profile for accommodation schools, alternative schools as defined by the state board of education and extremely small schools as defined by the state board of education for the purposes of this section.

K. If a school is assigned a letter grade of D, within ninety days after receiving notice of the designation, the governing board shall develop an improvement plan for the school, submit a copy of the plan to the superintendent of public instruction and the county educational service agency and supervise the implementation of the plan. The plan shall include necessary components as identified by the state board of education. Within thirty days after submitting the improvement plan to the superintendent of public instruction and the county educational service agency, the governing board shall hold a special public meeting in each school that has been assigned a letter grade of D and shall present the respective improvement plans that have been developed for each school. The school district governing board, within thirty days of receiving notice of the designation, shall provide written notification of the classification to each residence within the attendance area of the school. The notice shall explain the improvement plan process and provide information regarding the public meeting required by this subsection.

L. A school that has not submitted an improvement plan pursuant to subsection K of this section is not eligible to receive monies from the classroom site fund established by section 15-977 for every day that a plan has not been received by the superintendent of public instruction within the time specified in subsection K of this section plus an additional ninety days. The state board of education shall require the superintendent of the school district to testify before the board and explain the reasons that an improvement plan for that school has not been submitted.

M. If a charter school is assigned a letter grade of D, within thirty days the school shall notify the parents of the students attending the school of the classification. The notice shall explain the improvement plan process and provide information regarding the public meeting required by this subsection. Within ninety days of receiving the classification, the charter holder shall present an improvement plan to the charter sponsor at a public meeting and submit a copy of the plan to the superintendent of public instruction. The improvement plan shall include necessary components as identified by the state board of education. For every day that an

improvement plan is not received by the superintendent of public instruction and the county educational service agency, the school is not eligible to receive monies from the classroom site fund established by section 15-977 for every day that a plan has not been received by the superintendent of public instruction within the time specified in subsection K of this section plus an additional ninety days. The charter holder shall appear before the sponsoring board and explain why the improvement plan has not been submitted.

N. The department of education shall establish an appeals process, to be approved by the state board of education, for a school to appeal data used to determine the achievement profile of the school. The criteria established shall be based on mitigating factors and may include a visit to the school site by the department of education.

O. If a school is assigned a letter grade of D for a third consecutive year, the department of education shall visit the school site to confirm the classification data and to review the implementation of the school's improvement plan. The school shall be assigned a letter grade of F unless an alternate letter grade is assigned after an appeal pursuant to subsection N of this section. A school that is assigned a letter grade of D for less than three consecutive years may also be assigned a letter grade of F if the state board of education determines that there is no reasonable likelihood that the school will achieve an average level of performance within the next two years.

P. The school district governing board, within thirty days of receiving notice of the school being assigned a letter grade of F, shall provide written notification of the classification to each residence in the attendance area of the school. The notice shall explain the improvement plan process and provide information regarding the public meeting required by subsection S of this section.

Q. The superintendent of public instruction in collaboration with the county educational service agency, based on need, shall assign a solutions team to a school assigned a letter grade of D, a school assigned a letter grade of F or any other school pursuant to a mutual agreement between the department of education and the school ~~comprised~~ COMPOSED of master teachers, fiscal analysts and curriculum assessment experts who are certified by the state board of education as Arizona academic standards technicians. The department of education or the county educational service agency may hire or contract with administrators, principals and teachers who have demonstrated experience with the characteristics and situations in a school assigned a letter grade of D or F and may use these personnel as part of the solutions team. The department of education shall work with staff at the school to assist in curricula alignment and shall instruct teachers on how to increase pupil academic progress, considering the school's achievement profile. The solutions team shall consider the existing improvement plan to assess the need for changes to curriculum, professional development and resource allocation and shall present a statement of its findings to the school administrator and district superintendent. Within forty-five days after the presentation of the solutions team's statement of findings, the school district governing board, in cooperation with each school within the school district that is assigned a letter grade of D and its assigned solutions team representative, shall develop and submit to the department of education and

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the county educational service agency an action plan that details the manner in which the school district will assist the school as the school incorporates the findings of the solutions team into the improvement plan. The department of education shall review the action plan and shall either accept the action plan or return the action plan to the school district for modification. If the school district does not submit an approved action plan within forty-five days, the state board of education may direct the superintendent of public instruction to withhold up to ten per cent of state monies that the school district would otherwise be entitled to receive each month until the plan is submitted to the department of education and the county educational service agency, at which time those monies shall be returned to the school district.

R. The parent or the guardian of the pupil may apply to the department of education, in a manner determined by the department of education, for a certificate of supplemental instruction from the failing schools tutoring fund established by this section. Pupils attending a school assigned a letter grade of D or F or a pupil who has failed to pass one or more portions of the Arizona instrument to measure standards test in grades eight through twelve in order to graduate from high school may select an alternative tutoring program in academic standards from a provider that is certified by the state board of education. To qualify, the provider must state in writing a level of academic improvement for the pupil that includes a timeline for improvement that is agreed to by the parent or guardian of the pupil. The state board of education shall annually review academic performance levels for providers certified pursuant to this subsection and may remove a provider at a public hearing from an approved list of providers if that provider fails to meet its stated level of academic improvement. The state board of education shall determine the application guidelines and the maximum value for each certificate of supplemental instruction. The state board of education shall annually complete a market survey in order to determine the maximum value for each certificate of supplemental instruction. This subsection shall not be construed to require the state to provide additional monies beyond the monies provided pursuant to section 42-5029, subsection E, paragraph 7.

S. Within sixty days of receiving notification of a school being assigned a letter grade of F, the school district governing board shall evaluate needed changes to the existing improvement plan for the school, consider recommendations from the solutions team, submit a copy of the plan to the superintendent of public instruction and the county educational service agency and supervise the implementation of the plan. Within thirty days after submitting the improvement plan to the superintendent of public instruction, the governing board shall hold a public meeting in each school that has been assigned a letter grade of F and shall present the respective improvement plans that have been developed for each school.

T. A school that has not submitted an improvement plan pursuant to subsection S of this section is not eligible to receive monies from the classroom site fund established by section 15-977 for every day that a plan has not been received by the superintendent of public instruction within the time specified in subsection S of this section plus an additional ninety days. The state board of education shall require the superintendent of the

school district to testify before the board and explain the reasons that an improvement plan for that school has not been submitted.

U. If a charter school is assigned a letter grade of F, the department of education shall immediately notify the charter school's sponsor. The charter school's sponsor shall either take action to restore the charter school to acceptable performance or revoke the charter school's charter. Within thirty days the school shall notify the parents of the students attending the school of the classification and of any pending public meetings to review the issue.

V. A school that has been assigned a letter grade of F shall be evaluated by the department of education to determine if the school failed to properly implement its school improvement plan, align the curriculum with academic standards, provide teacher training, prioritize the budget or implement other proven strategies to improve academic performance. After visiting the school site pursuant to subsection O of this section, the department of education shall submit to the state board of education a recommendation to proceed pursuant to subsections Q, R and S of this section or that the school be subject to a public hearing to determine if the school failed to properly implement its improvement plan and the reasons for the department's recommendation.

W. If the department does recommend a public hearing, the state board of education shall meet and may provide by a majority vote at the public hearing for the continued operation of the school as allowed by this subsection. The state board of education shall determine whether governmental, nonprofit and private organizations may submit applications to the state board to fully or partially manage the school. The state board's determination shall include:

1. If and to what extent the local governing board may participate in the operation of the school including personnel matters.

2. If and to what extent the state board of education shall participate in the operation of the school.

3. Resource allocation pursuant to subsection Y of this section.

4. Provisions for the development and submittal of a school improvement plan to be presented in a public meeting at the school.

5. A suggested time frame for the alternative operation of the school.

X. The state board shall periodically review the status of a school that is operated by an organization other than the school district governing board to determine whether the operation of the school should be returned to the school district governing board. Before the state board makes a determination, the state board or its designee shall meet with the school district governing board or its designee to determine the time frame, operational considerations and the appropriate continuation of existing improvements that are necessary to assure a smooth transition of authority from the other organization back to the school district governing board.

Y. If an alternative operation plan is provided pursuant to subsection W of this section, the state board of education shall pay for the operation of the school and shall adjust the school district's ~~soft capital allocation pursuant to section 15-962, capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE pursuant to section 15-961, base support level pursuant to section 15-943, monies distributed from the classroom site fund established by

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section 15-977 and transportation support level pursuant to section 15-945 to accurately reflect any reduction in district services that are no longer provided to that school by the district. The state board of education may modify the school district's revenue control limit, the district support level and the general budget limit calculated pursuant to section 15-947 by an amount that corresponds to this reduction in services. The state board of education shall retain the portion of state aid that would otherwise be due the school district for the school and shall distribute that portion of state aid directly to the organization that contracts with the state board of education to operate the school.

Z. If the state board of education determines that a charter school failed to properly implement its improvement plan, the sponsor of the charter school shall revoke the charter school's charter.

AA. If there are more than two schools in a district and more than one-half, or in any case more than five, of the schools in the district are assigned a letter grade of F for more than two consecutive years, in the next election of members of the governing board the election ballot shall contain the following statement immediately above the listing of governing board candidates:

> Within the last five years, (number of schools) schools in the _____ school district have been assigned a letter grade of F or designated as "schools failing to meet academic standards" by the superintendent of public instruction.

BB. At least twice each year the department of education shall publish in a newspaper of general circulation in each county of this state a list of schools that are assigned a letter grade of F.

CC. The failing schools tutoring fund is established consisting of monies collected pursuant to section 42-5029, subsection E as designated for this purpose. The department of education shall administer the fund. The department of education may use monies from the fund to purchase materials designed to assist students to meet the Arizona academic standards and to achieve a passing score on the Arizona instrument to measure standards test in order to graduate from high school.

DD. The department of education may develop a classification label for school districts and charter school operators. If the department of education develops a classification label for school districts and charter school operators, the classification label may be developed from the following components:

1. Measures of academic progress.
2. Pupil assessment data.
3. The attendance rates and graduation rates of pupils who are educated in that charter school operator's charter schools or in that school district's schools.
4. The percentage of the parents of pupils enrolled in that charter school operator's charter schools or in that school district's schools that categorizes the quality of their child's education as excellent on a parental rating of school quality.

EE. The state board of education shall determine appropriate modifications to the criteria used to calculate achievement profiles for schools that participate in the board examination system prescribed in chapter 7, article 6 of this title.

FF. The state board of education shall adopt guidelines to include supplementary training in reading instruction for teachers who provide instruction to pupils in a kindergarten program or grade one, two or three in an improvement plan pursuant to subsection K of this section.

GG. In addition to any other corrective procedures prescribed in this section and section 15-241.01, a school that has been assigned a letter grade of D or F for two consecutive years shall implement a science, technology, engineering and mathematics intervention strategy under the supervision of the state board of education.

HH. In addition to any other corrective procedures prescribed in this section a school district that has been assigned a letter grade of D or F for two consecutive years shall implement a parent involvement strategy. The parent involvement strategy shall be included in the school improvement ~~plans~~ PLAN for each applicable school within the district, as prescribed in subsection K of this section.

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II. THE DEPARTMENT OF EDUCATION SHALL PUBLISH CRITERIA FOR A SCHOOL OR SCHOOL DISTRICT'S EXIT STATUS FROM A PREVIOUS ASSIGNMENT OF A LETTER GRADE OF F IN ACCORDANCE WITH THIS SECTION. THE CRITERIA SHALL PRESCRIBE THE ACTIONS AND RESULTS NECESSARY TO BE DEEMED TO HAVE COMPLIED WITH THIS SECTION REGARDING SCHOOL IMPROVEMENT, INCLUDING THE PROPER IMPLEMENTATION OF A SCHOOL IMPROVEMENT PLAN PURSUANT TO SUBSECTION V OF THIS SECTION. THESE CRITERIA SHALL BE PROVIDED TO A SCHOOL OR SCHOOL DISTRICT IF IT IS ASSIGNED A LETTER GRADE OF F PURSUANT TO THIS SECTION.

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EXPLANATION OF BLEND
SECTION 15-341

Laws 2013, First Special Session, Chapter 3
Laws 2013, First Regular Session, Chapter 243

Laws 2013, First Special Session, Ch. 3, section 6	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 243, section 4	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 3 and Laws 2013, First Regular Session, Ch. 243 text changes to section 15-341 are blended in the form shown on the following pages.

BLEND OF SECTION 15-341

Laws 2013, First Special Session, Chapter 3 and Laws 2013, First Regular Session, Chapter 243

15-341. General powers and duties; immunity; delegation

A. The governing board shall:

1. Prescribe and enforce policies and procedures for the governance of the schools, not inconsistent with law or rules prescribed by the state board of education.

2. Exclude from schools all books, publications, papers or audiovisual materials of a sectarian, partisan or denominational character. This paragraph shall not be construed to prohibit the elective course permitted by section 15-717.01.

3. Manage and control the school property within its district.

4. Acquire school furniture, apparatus, equipment, library books and supplies for the use of the schools.

5. Prescribe the curricula and criteria for the promotion and graduation of pupils as provided in sections 15-701 and 15-701.01.

6. Furnish, repair and insure, at full insurable value, the school property of the district.

7. Construct school buildings on approval by a vote of the district electors.

8. Make in the name of the district conveyances of property belonging to the district and sold by the board.

9. Purchase school sites when authorized by a vote of the district at an election conducted as nearly as practicable in the same manner as the election provided in section 15-481 and held on a date prescribed in section 15-491, subsection E, but such authorization shall not necessarily specify the site to be purchased and such authorization shall not be necessary to exchange unimproved property as provided in section 15-342, paragraph 23.

10. Construct, improve and furnish buildings used for school purposes when such buildings or premises are leased from the national park service.

11. Purchase school sites or construct, improve and furnish school buildings from the proceeds of the sale of school property only on approval by a vote of the district electors.

12. Hold pupils to strict account for disorderly conduct on school property.

13. Discipline students for disorderly conduct on the way to and from school.

14. Except as provided in section 15-1224, deposit all monies received by the district as gifts, grants and devises with the county treasurer who shall credit the deposits as designated in the uniform system of financial records. If not inconsistent with the terms of the gifts, grants and devises given, any balance remaining after expenditures for the intended purpose of the monies have been made shall be used for reduction of school district taxes for the budget year, except that in the case of accommodation schools

the county treasurer shall carry the balance forward for use by the county school superintendent for accommodation schools for the budget year.

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15. Provide that, if a parent or legal guardian chooses not to accept a decision of the teacher as provided in section 15-521, paragraph ~~3~~ 4, the parent or legal guardian may request in writing that the governing board review the teacher's decision. This paragraph shall not be construed to release school districts from any liability relating to a child's promotion or retention.

16. Provide for adequate supervision over pupils in instructional and noninstructional activities by certificated or noncertificated personnel.

17. Use school monies received from the state and county school apportionment exclusively for payment of salaries of teachers and other employees and contingent expenses of the district.

18. Make an annual report to the county school superintendent on or before October 1 in the manner and form and on the blanks prescribed by the superintendent of public instruction or county school superintendent. The board shall also make reports directly to the county school superintendent or the superintendent of public instruction whenever required.

19. Deposit all monies received by school districts other than student activities monies or monies from auxiliary operations as provided in sections 15-1125 and 15-1126 with the county treasurer to the credit of the school district except as provided in paragraph 20 of this subsection and sections 15-1223 and 15-1224, and the board shall expend the monies as provided by law for other school funds.

20. Establish bank accounts in which the board during a month may deposit miscellaneous monies received directly by the district. The board shall remit monies deposited in the bank accounts at least monthly to the county treasurer for deposit as provided in paragraph 19 of this subsection and in accordance with the uniform system of financial records.

21. Prescribe and enforce policies and procedures for disciplinary action against a teacher who engages in conduct that is a violation of the policies of the governing board but that is not cause for dismissal of the teacher or for revocation of the certificate of the teacher. Disciplinary action may include suspension without pay for a period of time not to exceed ten school days. Disciplinary action shall not include suspension with pay or suspension without pay for a period of time longer than ten school days. The procedures shall include notice, hearing and appeal provisions for violations that are cause for disciplinary action. The governing board may designate a person or persons to act on behalf of the board on these matters.

22. Prescribe and enforce policies and procedures for disciplinary action against an administrator who engages in conduct that is a violation of the policies of the governing board regarding duties of administrators but that is not cause for dismissal of the administrator or for revocation of the certificate of the administrator. Disciplinary action may include suspension without pay for a period of time not to exceed ten school days. Disciplinary action shall not include suspension with pay or suspension without pay for a period of time longer than ten school days. The procedures shall include notice, hearing and appeal provisions for violations that are cause for disciplinary action. The governing board may designate a person or persons to act on behalf of the board on these matters. For violations that are

cause for dismissal, the provisions of notice, hearing and appeal in chapter 5, article 3 of this title shall apply. The filing of a timely request for a hearing suspends the imposition of a suspension without pay or a dismissal pending completion of the hearing.

23. Notwithstanding sections 13-3108 and 13-3120, prescribe and enforce policies and procedures that prohibit a person from carrying or possessing a weapon on school grounds unless the person is a peace officer or has obtained specific authorization from the school administrator.

24. Prescribe and enforce policies and procedures relating to the health and safety of all pupils participating in district sponsored practice sessions or games or other interscholastic athletic activities, including:

(a) The provision of water.

(b) Guidelines, information and forms, developed in consultation with a statewide private entity that supervises interscholastic activities, to inform and educate coaches, pupils and parents of the dangers of concussions and head injuries and the risks of continued participation in athletic activity after a concussion. The policies and procedures shall require that, before a pupil participates in an athletic activity, the pupil and the pupil's parent must sign an information form at least once each school year that states that the parent is aware of the nature and risk of concussion. The policies and procedures shall require that a pupil who is suspected of sustaining a concussion in a practice session, game or other interscholastic athletic activity be immediately removed from the athletic activity. A coach from the pupil's team or an official or a licensed health care provider may remove a pupil from play. A team parent may also remove the parent's own child from play. A pupil may return to play on the same day if a health care provider rules out a suspected concussion at the time the pupil is removed from play. On a subsequent day, the pupil may return to play if the pupil has been evaluated by and received written clearance to resume participation in athletic activity from a health care provider who has been trained in the evaluation and management of concussions and head injuries. A health care provider who is a volunteer and who provides clearance to participate in athletic activity on the day of the suspected injury or on a subsequent day is immune from civil liability with respect to all decisions made and actions taken that are based on good faith implementation of the requirements of this subdivision, except in cases of gross negligence or wanton or wilful neglect. A school district, school district employee, team coach, official or team volunteer or a parent or guardian of a team member is not subject to civil liability for any act, omission or policy undertaken in good faith to comply with the requirements of this subdivision or for a decision made or an action taken by a health care provider. A group or organization that uses property or facilities owned or operated by a school district for athletic activities shall comply with the requirements of this subdivision. A school district and its employees and volunteers are not subject to civil liability for any other person or organization's failure or alleged failure to comply with the requirements of this subdivision. This subdivision does not apply to teams that are based in another state and that participate in an athletic activity in this state. For the purposes of this subdivision, athletic activity does not include dance, rhythmic gymnastics, competitions or exhibitions of academic skills or knowledge or other similar forms of physical noncontact

activities, civic activities or academic activities, whether engaged in for the purposes of competition or recreation. For the purposes of this subdivision, "health care provider" means a physician who is licensed pursuant to title 32, chapter 13 or 17, an athletic trainer who is licensed pursuant to title 32, chapter 41, a nurse practitioner who is licensed pursuant to title 32, chapter 15, and a physician assistant who is licensed pursuant to title 32, chapter 25.

25. Prescribe and enforce policies and procedures regarding the smoking of tobacco within school buildings. The policies and procedures shall be adopted in consultation with school district personnel and members of the community and shall state whether smoking is prohibited in school buildings. If smoking in school buildings is not prohibited, the policies and procedures shall clearly state the conditions and circumstances under which smoking is permitted, those areas in a school building that may be designated as smoking areas and those areas in a school building that may not be designated as smoking areas.

26. Establish an assessment, data gathering and reporting system as prescribed in chapter 7, article 3 of this title.

27. Provide special education programs and related services pursuant to section 15-764, subsection A to all children with disabilities as defined in section 15-761.

28. Administer competency tests prescribed by the state board of education for the graduation of pupils from high school.

29. Ensure that insurance coverage is secured for all construction projects for purposes of general liability, property damage and workers' compensation and secure performance and payment bonds for all construction projects.

30. Keep on file the resumes of all current and former employees who provide instruction to pupils at a school. Resumes shall include an individual's educational and teaching background and experience in a particular academic content subject area. A school district shall inform parents and guardians of the availability of the resume information and shall make the resume information available for inspection on request of parents and guardians of pupils enrolled at a school. This paragraph shall not be construed to require any school to release personally identifiable information in relation to any teacher or employee, including the teacher's or employee's address, salary, social security number or telephone number.

31. Report to local law enforcement agencies any suspected crime against a person or property that is a serious offense as defined in section 13-706 or that involves a deadly weapon or dangerous instrument or serious physical injury and any conduct that poses a threat of death or serious physical injury to employees, students or anyone on the property of the school. This paragraph does not limit or preclude the reporting by a school district or an employee of a school district of suspected crimes other than those required to be reported by this paragraph. For the purposes of this paragraph, "dangerous instrument", "deadly weapon" and "serious physical injury" have the same meanings prescribed in section 13-105.

32. In conjunction with local law enforcement agencies and local medical facilities, develop an emergency response plan for each school in the school district in accordance with minimum standards developed jointly by the

department of education and the division of emergency management within the department of emergency and military affairs.

33. Provide written notice to the parents or guardians of all students affected in the school district at least ten days prior to a public meeting to discuss closing a school within the school district. The notice shall include the reasons for the proposed closure and the time and place of the meeting. The governing board shall fix a time for a public meeting on the proposed closure no less than ten days before voting in a public meeting to close the school. The school district governing board shall give notice of the time and place of the meeting. At the time and place designated in the notice, the school district governing board shall hear reasons for or against closing the school. The school district governing board is exempt from this paragraph if it is determined by the governing board that the school shall be closed because it poses a danger to the health or safety of the pupils or employees of the school. A governing board may consult with the school facilities board for technical assistance and for information on the impact of closing a school. The information provided from the school facilities board shall not require the governing board to take or not take any action.

34. Incorporate instruction on Native American history into appropriate existing curricula.

35. Prescribe and enforce policies and procedures[:]

(a) Allowing pupils who have been diagnosed with anaphylaxis by a health care provider licensed pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse practitioner licensed and certified pursuant to title 32, chapter 15 to carry and self-administer emergency medications, including auto-injectable epinephrine, while at school and at school[-]sponsored activities. The pupil's name on the prescription label on the medication container or on the medication device and annual written documentation from the pupil's parent or guardian to the school that authorizes possession and self-administration is sufficient proof that the pupil is entitled to the possession and self-administration of the medication. The policies shall require a pupil who uses auto-injectable epinephrine while at school and at school[-]sponsored activities to notify the nurse or the designated school staff person of the use of the medication as soon as practicable. A school district and its employees are immune from civil liability with respect to all decisions made and actions taken that are based on good faith implementation of the requirements of this ~~paragraph~~ SUBDIVISION, except in cases of wanton or wilful neglect.

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(b) FOR THE EMERGENCY ADMINISTRATION OF AUTO-INJECTABLE EPINEPHRINE BY A TRAINED EMPLOYEE OF A SCHOOL DISTRICT PURSUANT TO SECTION 15-157.

36. Allow the possession and self-administration of prescription medication for breathing disorders in handheld inhaler devices by pupils who have been prescribed that medication by a health care professional licensed pursuant to title 32. The pupil's name on the prescription label on the medication container or on the handheld inhaler device and annual written documentation from the pupil's parent or guardian to the school that authorizes possession and self-administration shall be sufficient proof that the pupil is entitled to the possession and self-administration of the medication. A school district and its employees are immune from civil

liability with respect to all decisions made and actions taken that are based on a good faith implementation of the requirements of this paragraph.

37. Prescribe and enforce policies and procedures to prohibit pupils from harassing, intimidating and bullying other pupils on school grounds, on school property, on school buses, at school bus stops, at school[-]sponsored events and activities and through the use of electronic technology or electronic communication on school computers, networks, forums and mailing lists that include the following components:

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(a) A procedure for pupils, parents and school district employees to confidentially report to school officials incidents of harassment, intimidation or bullying. The school shall make available written forms designed to provide a full and detailed description of the incident and any other relevant information about the incident.

(b) A requirement that school district employees report in writing suspected incidents of harassment, intimidation or bullying to the appropriate school official and a description of appropriate disciplinary procedures for employees who fail to report suspected incidents that are known to the employee.

(c) A requirement that, at the beginning of each school year, school officials provide all pupils with a written copy of the rights, protections and support services available to a pupil who is an alleged victim of an incident reported pursuant to this paragraph.

(d) If an incident is reported pursuant to this paragraph, a requirement that school officials provide a pupil who is an alleged victim of the incident with a written copy of the rights, protections and support services available to that pupil.

(e) A formal process for the documentation of reported incidents of harassment, intimidation or bullying and for the confidentiality, maintenance and disposition of this documentation. School districts shall maintain documentation of all incidents reported pursuant to this paragraph for at least six years. The school shall not use that documentation to impose disciplinary action unless the appropriate school official has investigated and determined that the reported incidents of harassment, intimidation or bullying occurred. If a school provides documentation of reported incidents to persons other than school officials or law enforcement, all individually identifiable information shall be redacted.

(f) A formal process for the investigation by the appropriate school officials of suspected incidents of harassment, intimidation or bullying, including procedures for notifying the alleged victim on completion and disposition of the investigation.

(g) Disciplinary procedures for pupils who have admitted or been found to have committed incidents of harassment, intimidation or bullying.

(h) A procedure that sets forth consequences for submitting false reports of incidents of harassment, intimidation or bullying.

(i) Procedures designed to protect the health and safety of pupils who are physically harmed as the result of incidents of harassment, intimidation and bullying, including, if appropriate, procedures to contact emergency medical services or law enforcement agencies, or both.

(j) Definitions of harassment, intimidation and bullying.

38. Prescribe and enforce policies and procedures regarding changing or adopting attendance boundaries that include the following components:

(a) A procedure for holding public meetings to discuss attendance boundary changes or adoptions that allows public comments.

(b) A procedure to notify the parents or guardians of the students affected.

(c) A procedure to notify the residents of the households affected by the attendance boundary changes.

(d) A process for placing public meeting notices and proposed maps on the school district's website for public review, if the school district maintains a website.

(e) A formal process for presenting the attendance boundaries of the affected area in public meetings that allows public comments.

(f) A formal process for notifying the residents and parents or guardians of the affected area as to the decision of the governing board on the school district's website, if the school district maintains a website.

(g) A formal process for updating attendance boundaries on the school district's website within ninety days of an adopted boundary change. The school district shall send a direct link to the school district's attendance boundaries website to the department of real estate.

(h) If the land that a school was built on was donated within the past five years, a formal process to notify the entity that donated the land affected by the decision of the governing board.

39. If the state board of education determines that the school district has committed an overexpenditure as defined in section 15-107, provide a copy of the fiscal management report submitted pursuant to section 15-107, subsection H on its website and make copies available to the public on request. The school district shall comply with a request within five business days after receipt.

40. Ensure that the contract for the superintendent is structured in a manner in which up to twenty per cent of the total annual salary included for the superintendent in the contract is classified as performance pay. This paragraph shall not be construed to require school districts to increase total compensation for superintendents. Unless the school district governing board votes to implement an alternative procedure at a public meeting called for this purpose, the performance pay portion of the superintendent's total annual compensation shall be determined as follows:

(a) Twenty-five per cent of the performance pay shall be determined based on the percentage of academic gain determined by the department of education of pupils who are enrolled in the school district compared to the academic gain achieved by the highest ranking of the fifty largest school districts in this state. For the purposes of this subdivision, the department of education shall determine academic gain by the academic growth achieved by each pupil who has been enrolled at the same school in a school district for at least five consecutive months measured against that pupil's academic results in the 2008-2009 school year. For the purposes of this subdivision, of the fifty largest school districts in this state, the school district with pupils who demonstrate the highest statewide percentage of overall academic gain measured against academic results for the 2008-2009 school year shall be assigned a score of 100 and the school district with

pupils who demonstrate the lowest statewide percentage of overall academic gain measured against academic results for the 2008-2009 school year shall be assigned a score of 0.

(b) Twenty-five per cent of the performance pay shall be determined by the percentage of parents of pupils who are enrolled at the school district who assign a letter grade of "A" to the school on a survey of parental satisfaction with the school district. The parental satisfaction survey shall be administered and scored by an independent entity that is selected by the governing board and that demonstrates sufficient expertise and experience to accurately measure the results of the survey. The parental satisfaction survey shall use standard random sampling procedures and provide anonymity and confidentiality to each parent who participates in the survey. The letter grade scale used on the parental satisfaction survey shall direct parents to assign one of the following letter grades:

(i) A letter grade of "A" if the school district is excellent.

(ii) A letter grade of "B" if the school district is above average.

(iii) A letter grade of "C" if the school district is average.

(iv) A letter grade of "D" if the school district is below average.

(v) A letter grade of "F" if the school district is a failure.

(c) Twenty-five per cent of the performance pay shall be determined by the percentage of teachers who are employed at the school district and who assign a letter grade of "A" to the school on a survey of teacher satisfaction with the school. The teacher satisfaction survey shall be administered and scored by an independent entity that is selected by the governing board and that demonstrates sufficient expertise and experience to accurately measure the results of the survey. The teacher satisfaction survey shall use standard random sampling procedures and provide anonymity and confidentiality to each teacher who participates in the survey. The letter grade scale used on the teacher satisfaction survey shall direct teachers to assign one of the following letter grades:

(i) A letter grade of "A" if the school district is excellent.

(ii) A letter grade of "B" if the school district is above average.

(iii) A letter grade of "C" if the school district is average.

(iv) A letter grade of "D" if the school district is below average.

(v) A letter grade of "F" if the school district is a failure.

(d) Twenty-five per cent of the performance pay shall be determined by other criteria selected by the governing board.

41. Maintain and store permanent public records of the school district as required by law. Notwithstanding section 39-101, the standards adopted by the Arizona state library, archives and public records for the maintenance and storage of school district public records shall allow school districts to elect to satisfy the requirements of this paragraph by maintaining and storing these records either on paper or in an electronic format, or a combination of a paper and electronic format.

42. Adopt in a public meeting and implement by school year 2013-2014 policies for principal evaluations. Before the adoption of principal evaluation policies, the school district governing board shall provide opportunities for public discussion on the proposed policies. The policies shall describe:

(a) The principal evaluation instrument, including the four performance classifications adopted by the governing board pursuant to section 15-203, subsection A, paragraph 38.

(b) Alignment of professional development opportunities to the principal evaluations.

(c) Incentives for principals in one of the two highest performance classifications pursuant to section 15-203, subsection A, paragraph 38, which may include:

(i) Multiyear contracts pursuant to section 15-503.

(ii) Incentives to work at schools that are assigned a letter grade of D or F pursuant to section 15-241.

(d) Transfer and contract processes for principals designated in the lowest performance classification pursuant to section 15-203, subsection A, paragraph 38.

B. Notwithstanding subsection A, paragraphs 7, 9 and 11 of this section, the county school superintendent may construct, improve and furnish school buildings or purchase or sell school sites in the conduct of an accommodation school.

C. If any school district acquires real or personal property, whether by purchase, exchange, condemnation, gift or otherwise, the governing board shall pay to the county treasurer any taxes on the property that were unpaid as of the date of acquisition, including penalties and interest. The lien for unpaid delinquent taxes, penalties and interest on property acquired by a school district:

1. Is not abated, extinguished, discharged or merged in the title to the property.

2. Is enforceable in the same manner as other delinquent tax liens.

D. The governing board may not locate a school on property that is less than one-fourth mile from agricultural land regulated pursuant to section 3-365, except that the owner of the agricultural land may agree to comply with the buffer zone requirements of section 3-365. If the owner agrees in writing to comply with the buffer zone requirements and records the agreement in the office of the county recorder as a restrictive covenant running with the title to the land, the school district may locate a school within the affected buffer zone. The agreement may include any stipulations regarding the school, including conditions for future expansion of the school and changes in the operational status of the school that will result in a breach of the agreement.

E. A school district, its governing board members, its school council members and its employees are immune from civil liability for the consequences of adoption and implementation of policies and procedures pursuant to subsection A of this section and section 15-342. This waiver does not apply if the school district, its governing board members, its school council members or its employees are guilty of gross negligence or intentional misconduct.

F. A governing board may delegate in writing to a superintendent, principal or head teacher the authority to prescribe procedures that are consistent with the governing board's policies.

G. Notwithstanding any other provision of this title, a school district governing board shall not take any action that would result in a

reduction of pupil square footage unless the governing board notifies the school facilities board established by section 15-2001 of the proposed action and receives written approval from the school facilities board to take the action. A reduction includes an increase in administrative space that results in a reduction of pupil square footage or sale of school sites or buildings, or both. A reduction includes a reconfiguration of grades that results in a reduction of pupil square footage of any grade level. This subsection does not apply to temporary reconfiguration of grades to accommodate new school construction if the temporary reconfiguration does not exceed one year. The sale of equipment that results in a reduction that falls below the equipment requirements prescribed in section 15-2011, subsection B is subject to commensurate withholding of school district

Ch. 3 ~~capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE monies pursuant to the direction of the school facilities board. Except as provided in section 15-342, paragraph 10, proceeds from the sale of school sites, buildings or other equipment shall be deposited in the school plant fund as provided in section 15-1102.

H. Subsections C through G of this section apply to a county board of supervisors and a county school superintendent when operating and administering an accommodation school.

EXPLANATION OF BLEND
SECTION 15-393

Laws 2013, First Special Session, Chapter 3
Laws 2013, First Regular Session, Chapters 229 and 251

Laws 2013, First Special Session, Ch. 3, section 7	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 229, section 1	Effective September 13, 2013
Laws 2013, First Regular Session, Ch. 251, section 7	Effective September 13, 2013

Explanation

Since these three enactments are not incompatible, the Laws 2013, First Special Session, Ch. 3 and Laws 2013, First Regular Session, Ch. 229 and Ch. 251 text changes to section 15-393 are blended in the form shown on the following pages.

BLEND OF SECTION 15-393
Laws 2013, First Special Session, Chapter 3 and Laws 2013, First Regular Session, Chapters 229 and 251

15-393. Joint technical education district governing board; report; definitions

A. The management and control of the joint district are vested in the joint technical education district governing board, including the content and quality of the courses offered by the district, the quality of teachers who provide instruction on behalf of the district, the salaries of teachers who provide instruction on behalf of the district and the reimbursement of other entities for the facilities used by the district. Unless the governing boards of the school districts participating in the formation of the joint district vote to implement an alternative election system as provided in subsection B of this section, the joint board shall consist of five members elected from five single member districts formed within the joint district. The single member district election system shall be submitted as part of the plan for the joint district pursuant to section 15-392 and shall be established in the plan as follows:

1. The governing boards of the school districts participating in the formation of the joint district shall define the boundaries of the single member districts so that the single member districts are as nearly equal in population as is practicable, except that if the joint district lies in part in each of two or more counties, at least one single member district may be entirely within each of the counties comprising the joint district if this district design is consistent with the obligation to equalize the population among single member districts.

2. The boundaries of each single member district shall follow election precinct boundary lines, as far as practicable, in order to avoid further segmentation of the precincts.

3. A person who is a registered voter of this state and who is a resident of the single member district is eligible for election to the office of joint board member from the single member district. The terms of office of the members of the joint board shall be as prescribed in section 15-427, subsection B. An employee of a joint technical education district or the spouse of an employee shall not hold membership on a governing board of a joint technical education district by which the employee is employed. A member of one school district governing board or joint technical education district governing board is ineligible to be a candidate for nomination or election to or serve simultaneously as a member of any other governing board, except that a member of a governing board may be a candidate for nomination or election for any other governing board if the member is serving in the last year of a term of office. A member of a governing board shall resign the member's seat on the governing board before becoming a candidate for nomination or election to the governing board of any other school district or joint technical education district, unless the member of the governing board is serving in the last year of a term of office.

4. Nominating petitions shall be signed by the number of qualified electors of the single member district as provided in section 16-322.

B. The governing boards of the school districts participating in the formation of the joint district may vote to implement any other alternative election system for the election of joint district board members. If an alternative election system is selected, it shall be submitted as part of the plan for the joint district pursuant to section 15-392, and the implementation of the system shall be as approved by the United States justice department.

C. The joint technical education district shall be subject to the following provisions of this title:

1. Chapter 1, articles 1 through 6.
2. Sections 15-208, 15-210, 15-213 and 15-234.
3. Articles 2, 3 and 5 of this chapter.
4. Section 15-361.
5. Chapter 4, articles 1, 2 and 5.
6. Chapter 5, articles 1, 2 and 3.
7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729 and 15-730.
8. Chapter 7, article 5.
9. Chapter 8, articles 1, 3 and 4.
10. Sections 15-828 and 15-829.
11. Chapter 9, article 1, article 6, except for section 15-995, and article 7.
12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
13. Sections 15-1101 and 15-1104.
14. Chapter 10, articles 2, 3, 4 and 8.

D. Notwithstanding subsection C of this section, the following apply to a joint technical education district:

1. A joint district may issue bonds for the purposes specified in section 15-1021 and in chapter 4, article 5 of this title to an amount in the aggregate, including the existing indebtedness, not exceeding one per cent of the taxable property used for secondary tax purposes, as determined pursuant to title 42, chapter 15, article 1, within the joint technical education district as ascertained by the last property tax assessment previous to issuing the bonds.

2. The number of governing board members for a joint district shall be as prescribed in subsection A of this section.

~~3. If a career and technical education course or program provided pursuant to this article is provided in a facility owned or operated by a school district in which a pupil is enrolled, including satellite courses, the sum of the average daily membership, as provided in section 15-901, subsection A, paragraph 1, for that pupil in both the school district and joint technical education district shall not exceed 1.25. The sum of the average daily membership, as provided in section 15-901, subsection A, paragraph 1, shall not exceed 1.25 for the courses taken in the school district and the facility, including satellite courses. The school district and the joint district shall determine the apportionment of the average daily membership for that pupil between the school district and the joint district.~~

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~~4.~~ 3. The student count for the first year of operation of a joint technical education district as provided in this article shall be determined as follows:

(a) Determine the estimated student count for joint district classes that will operate in the first year of operation. This estimate shall be based on actual registration of pupils as of March 30 scheduled to attend classes that will be operated by the joint district. The student count for the district of residence of the pupils registered at the joint district shall be adjusted. The adjustment shall cause the district of residence to reduce the student count for the pupil to reflect the courses to be taken at the joint district. The district of residence shall review and approve the adjustment of its own student count as provided in this subdivision before the pupils from the school district can be added to the student count of the joint district.

(b) The student count for the new joint district shall be the student count as determined in subdivision (a) of this paragraph.

(c) For the first year of operation, the joint district shall revise the student count to the actual average daily membership as prescribed in section 15-901, subsection A, paragraph 1 for students attending classes in the joint district. A joint district shall revise its student count, the base support level as provided in section 15-943.02, the revenue control limit as provided in section 15-944.01~~, the capital outlay revenue limit and the soft capital allocation~~ AND THE DISTRICT ADDITIONAL ASSISTANCE as provided in section 15-962.01 prior to May 15. A joint district that overestimated its student count shall revise its budget prior to May 15. A joint district that underestimated its student count may revise its budget prior to May 15.

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(d) After March 15 of the first year of operation, the district of residence shall adjust its student count by reducing it to reflect the courses actually taken at the joint district. The district of residence shall revise its student count, the base support level as provided in section 15-943, the revenue control limit as provided in section 15-944~~, the capital outlay revenue limit as provided in section 15-961 and the soft capital allocation~~ AND THE DISTRICT ADDITIONAL ASSISTANCE as provided in section ~~15-962~~ 15-962.01 prior to May 15. A district that underestimated the student count for students attending the joint district shall revise its budget prior to May 15. A district that overestimated the student count for students attending the joint district may revise its budget prior to May 15.

(e) A joint district for the first year of operation shall not be eligible for adjustment pursuant to section 15-948.

(f) The procedures for implementing this paragraph shall be as prescribed in the uniform system of financial records.

(g) Pupils in an approved joint technical education district centralized program may generate an average daily membership of 1.0 during any day of the week and at any time between July 1 and June 30 of each fiscal year.

For the purposes of this paragraph, "district of residence" means the district that included the pupil in its average daily membership for the year before the first year of operation of the joint district and that would have included the pupil in its student count for the purposes of computing its

base support level for the fiscal year of the first year of operation of the joint district if the pupil had not enrolled in the joint district.

~~5.~~ 4. A student includes any person enrolled in the joint district without regard to the person's age or high school graduation status, except that:

(a) A student in a kindergarten program or in grades one through nine who enrolls in courses offered by the joint technical education district shall not be included in the joint district's student count or average daily membership.

(b) A student in a kindergarten program or in grades one through nine who is enrolled in career and technical education courses shall not be funded in whole or in part with monies provided by a joint technical education district, except that a pupil in grade eight or nine may be funded with monies generated by the five cent qualifying tax rate authorized in subsection F of this section.

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(c) A student who is over ~~twenty-two~~ TWENTY-ONE years of age shall not be included in the student count of the joint district for the purposes of chapter 9, articles 3, 4 and 5 of this title.

~~6.~~ 5. A joint district may operate for more than one hundred ~~seventy-five~~ EIGHTY days per year, with expanded hours of service.

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~~7. A joint district may use the excess utility costs provisions of section 15-910 in the same manner as a school district for fiscal years 1999-2000 and 2000-2001, except that the base year shall be the first full fiscal year of operations.~~

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~~8.~~ 6. A joint district may use the carryforward provisions of section 15-943.01 ~~retroactively to July 1, 1993~~.

~~9.~~ 7. A school district that is part of a joint district shall use any monies received pursuant to this article to supplement and not supplant base year career and technical education courses, and directly related equipment and facilities, except that a school district that is part of a joint technical education district and that has used monies received pursuant to this article to supplant career and technical education courses that were offered before the first year that the school district participated in the joint district or the first year that the school district used monies received pursuant to this article or that used the monies for purposes other than for career and technical education courses shall use one hundred per cent of the monies received pursuant to this article to supplement and not supplant base year career and technical education courses.

~~10.~~ 8. A joint technical education district shall use any monies received pursuant to this article to enhance and not supplant career and technical education courses and directly related equipment and facilities.

~~11.~~ 9. A joint technical education district or a school district that is part of a joint district shall only include pupils in grades ten through twelve in the calculation of student count or average daily membership if the pupils are enrolled in courses that are approved jointly by the governing board of the joint technical education district and each participating school district for satellite courses taught within the participating school district, or approved solely by the joint technical education district for centrally located courses. Student count and average daily membership from courses that are not part of an approved program for career and technical

education shall not be included in student count and average daily membership of a joint technical education district.

E. The joint board shall appoint a superintendent as the executive officer of the joint district.

F. Taxes may be levied for the support of the joint district as prescribed in chapter 9, article 6 of this title, except that a joint technical education district shall not levy a property tax pursuant to law that exceeds five cents per one hundred dollars assessed valuation except for bond monies pursuant to subsection D, paragraph 1 of this section. Except for the taxes levied pursuant to section 15-994, such taxes shall be obtained from a levy of taxes on the taxable property used for secondary tax purposes.

G. The schools in the joint district are available to all persons who reside in the joint district and to pupils whose district of residence is paying tuition on behalf of the pupils to a district of attendance that is a member of the joint technical education district, subject to the rules for admission prescribed by the joint board.

H. The joint board may collect tuition for adult students and the attendance of pupils who are residents of school districts that are not participating in the joint district pursuant to arrangements made between the governing board of the district and the joint board.

I. The joint board may accept gifts, grants, federal monies, tuition and other allocations of monies to erect, repair and equip buildings and for the cost of operation of the schools of the joint district.

J. One member of the joint board shall be selected chairman. The chairman shall be selected annually on a rotation basis from among the participating school districts. The chairman of the joint board shall be a voting member.

K. A joint board and a community college district may enter into agreements for the provision of administrative, operational and educational services and facilities.

L. Any agreement between the governing board of a joint technical education district and another joint technical education district, a school district, a charter school or a community college district shall be in the form of an intergovernmental agreement or other written contract. The auditor general shall modify the uniform system of financial records and budget forms in accordance with this subsection. The intergovernmental agreement or other written contract shall completely and accurately specify each of the following:

1. The financial provisions of the intergovernmental agreement or other written contract and the format for the billing of all services.

2. The accountability provisions of the intergovernmental agreement or other written contract.

3. The responsibilities of each joint technical education district, each school district, each charter school and each community college district that is a party to the intergovernmental agreement or other written contract.

4. The type of instruction that will be provided under the intergovernmental agreement or other written contract, including individualized education programs pursuant to section 15-763.

5. The quality of the instruction that will be provided under the intergovernmental agreement or other written contract.

6. The transportation services that will be provided under the intergovernmental agreement or other written contract and the manner in which transportation costs will be paid.

7. The amount that the joint technical education district will contribute to a course and the amount of support required by the school district or the community college.

8. That the services provided by the joint technical education district, the school district, the charter school or the community college district be proportionally calculated in the cost of delivering the service.

9. That the payment for services shall not exceed the cost of the services provided.

M. On or before December 31 of each year, each joint technical education district shall submit a detailed report to the career and technical education division of the department of education. The career and technical education division of the department of education shall collect, summarize and analyze the data submitted by the joint districts, shall submit an annual report that summarizes the data submitted by the joint districts to the governor, the speaker of the house of representatives, the president of the senate and the state board of education and shall submit a copy of this report to the secretary of state. The data submitted by each joint technical education district shall include the following:

1. The average daily membership of the joint district.

2. The program listings and program descriptions of programs offered by the joint district, including the course sequences for each program.

3. The costs associated with each program offered by the joint district.

4. The completion rate for each program offered by the joint district. For the purposes of this paragraph, "completion rate" means the completion rate for students who are designated as concentrators in that program by the department of education under the career and technology approved plan.

5. The graduation rate from the school district of residence of students who have completed a program in the joint district.

6. A detailed description of the career opportunities available to students after completion of the program offered by the joint district.

7. A detailed description of the career placement of students who have completed the program offered by the joint district.

8. Any other data deemed necessary by the department of education to carry out its duties under this subsection.

N. If the career and technical education division of the department of education determines that a course does not meet the criteria for approval as a joint technical education course, the governing board of the joint technical education district may appeal this decision to the state board of education acting as the state board of vocational education.

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~~O. Notwithstanding any other law, the average daily membership of a pupil in grade ten, eleven or twelve who is enrolled in a course that meets for at least one hundred fifty minutes per class period at a centralized campus owned and operated by a joint technical education district shall be 0.75. The sum of the average daily membership, as provided in section 15-901, subsection A, paragraph 1, of a pupil who is enrolled in both the member school district and joint technical education district courses~~

~~provided at a community college pursuant to subsection K of this section or at a facility owned and operated by a joint technical education district that is not located on a site of a member district shall not exceed 1.75. The member school district and the joint district shall determine the apportionment of the average daily membership and student enrollment for that pupil between the member school district and the joint district, except the amount apportioned shall not exceed 1.0 for either entity.~~

~~P.~~ O. Notwithstanding any other law, the average daily membership for a pupil who is enrolled in a joint technical education course defined in section 15-391 and who does not meet the criteria specified in subsection ~~O~~ Q OR R of this section shall be 0.25 for each course, except the sum of the average daily membership shall not exceed the limits prescribed by subsection D, ~~or O~~ Q OR R [OF THIS SECTION,] as applicable. **Chs. 3, 229 and 251**

P. IF A CAREER AND TECHNICAL EDUCATION COURSE OR PROGRAM IS PROVIDED ON A SATELLITE CAMPUS, THE SUM OF THE AVERAGE DAILY MEMBERSHIP, AS PROVIDED IN SECTION 15-901, SUBSECTION A, PARAGRAPH 1, FOR THAT PUPIL IN BOTH THE SCHOOL DISTRICT AND JOINT TECHNICAL EDUCATION DISTRICT SHALL NOT EXCEED 1.25. THE SCHOOL DISTRICT AND THE JOINT DISTRICT SHALL DETERMINE THE APPORTIONMENT OF THE AVERAGE DAILY MEMBERSHIP FOR THAT PUPIL BETWEEN THE SCHOOL DISTRICT AND THE JOINT DISTRICT. A PUPIL WHO ATTENDS A COURSE OR PROGRAM AT A SATELLITE CAMPUS AND WHO IS NOT ENROLLED IN THE SCHOOL DISTRICT WHERE THE SATELLITE CAMPUS IS LOCATED MAY GENERATE THE AVERAGE DAILY MEMBERSHIP PURSUANT TO THIS SUBSECTION IF THE PUPIL IS ENROLLED IN A SCHOOL DISTRICT THAT IS A MEMBER DISTRICT IN THE SAME JOINT TECHNICAL EDUCATION DISTRICT.

Q. THE SUM OF THE AVERAGE DAILY MEMBERSHIP OF A PUPIL WHO IS ENROLLED IN BOTH THE SCHOOL DISTRICT AND JOINT TECHNICAL EDUCATION DISTRICT COURSE OR PROGRAM PROVIDED AT A COMMUNITY COLLEGE PURSUANT TO SUBSECTION K OF THIS SECTION OR AT A CENTRALIZED CAMPUS SHALL NOT EXCEED 1.75. THE MEMBER SCHOOL DISTRICT AND THE JOINT DISTRICT SHALL DETERMINE THE APPORTIONMENT OF THE AVERAGE DAILY MEMBERSHIP AND STUDENT ENROLLMENT FOR THAT PUPIL BETWEEN THE MEMBER SCHOOL DISTRICT AND THE JOINT DISTRICT, EXCEPT THAT THE AMOUNT APPORTIONED SHALL NOT EXCEED 1.0 FOR EITHER ENTITY. NOTWITHSTANDING ANY OTHER LAW, THE AVERAGE DAILY MEMBERSHIP FOR A PUPIL IN GRADE TEN, ELEVEN OR TWELVE WHO IS ENROLLED IN A COURSE THAT MEETS FOR AT LEAST ONE HUNDRED FIFTY MINUTES PER CLASS PERIOD AT A CENTRALIZED CAMPUS SHALL BE 0.75. TO QUALIFY FOR FUNDING PURSUANT TO THIS SUBSECTION, A CENTRALIZED CAMPUS SHALL OFFER PROGRAMS AND COURSES TO ALL ELIGIBLE STUDENTS IN EACH MEMBER DISTRICT OF THE JOINT TECHNICAL EDUCATION DISTRICT. **Ch. 229**

R. THE AVERAGE DAILY MEMBERSHIP FOR A PUPIL IN GRADE TEN, ELEVEN OR TWELVE WHO IS ENROLLED IN A COURSE THAT MEETS FOR AT LEAST ONE HUNDRED FIFTY MINUTES PER CLASS PERIOD AT A LEASED CENTRALIZED CAMPUS SHALL NOT EXCEED 0.75. THE SUM OF THE AVERAGE DAILY MEMBERSHIP, AS PROVIDED IN SECTION 15-901, SUBSECTION A, PARAGRAPH 1, OF A PUPIL WHO IS ENROLLED IN BOTH THE SCHOOL DISTRICT AND IN JOINT TECHNICAL EDUCATION DISTRICT COURSES PROVIDED AT A LEASED CENTRALIZED CAMPUS SHALL NOT EXCEED 1.75 IF ALL OF THE FOLLOWING CONDITIONS ARE MET:

1. THE COURSE QUALIFIES AS A JOINT TECHNICAL EDUCATION COURSE AS DEFINED IN SECTION 15-391.

2. THE COURSE IS OFFERED TO ALL ELIGIBLE STUDENTS IN EACH MEMBER DISTRICT OF THE JOINT TECHNICAL EDUCATION DISTRICT AND ENROLLS STUDENTS FROM MULTIPLE HIGH SCHOOLS.

3. THE JOINT TECHNICAL EDUCATION DISTRICT PROGRAM IN WHICH THE COURSE IS INCLUDED ADDRESSES A SPECIFIC INDUSTRY NEED AND HAS BEEN DEVELOPED IN COOPERATION WITH THAT INDUSTRY, OR THE LEASED FACILITY IS A STATE OR FEDERAL ASSET THAT WOULD OTHERWISE BE UNUSED OR UNDERUTILIZED.

4. THE LEASE IS ESTABLISHED AT FAIR MARKET VALUE IF THE LEASE IS EXECUTED FOR A FACILITY LOCATED ON THE SITE OF A MEMBER DISTRICT AND WAS APPROVED BY THE JOINT COMMITTEE ON CAPITAL REVIEW, EXCEPT THAT A LEASE THAT WAS EXECUTED OR RENEWED BEFORE DECEMBER 31, 2012 IS NOT SUBJECT TO APPROVAL BY THE JOINT COMMITTEE ON CAPITAL REVIEW. THE REQUIREMENT PRESCRIBED IN THIS PARAGRAPH DOES NOT APPLY FROM AND AFTER DECEMBER 31, 2016.

S. A STUDENT WHO IS ENROLLED IN AN ACCOMMODATION SCHOOL AS DEFINED IN SECTION 15-101 MAY BE TREATED AS A STUDENT OF THE SCHOOL DISTRICT IN WHICH THE STUDENT PHYSICALLY RESIDES FOR THE PURPOSES OF ENROLLMENT IN A JOINT TECHNICAL EDUCATION DISTRICT AND SHALL BE INCLUDED IN THE CALCULATION OF AVERAGE DAILY MEMBERSHIP FOR EITHER THE JOINT TECHNICAL EDUCATION DISTRICT OR THE ACCOMMODATION SCHOOL, OR BOTH.

~~Q.~~ T. Notwithstanding any other law, beginning in fiscal year 2011-2012, the student count for a joint technical education district shall be equivalent to the joint technical education district's average daily membership.

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~~R.~~ U. For the purposes of this section~~,~~:

1. "Base year" means the complete school year in which voters of a school district elected to join a joint technical education district.

2. "CENTRALIZED CAMPUS" MEANS A FACILITY THAT IS OWNED AND OPERATED BY A JOINT TECHNICAL EDUCATION DISTRICT FOR THE PURPOSE OF OFFERING JOINT TECHNICAL EDUCATION PROGRAMS OR JOINT TECHNICAL EDUCATION COURSES AS DEFINED IN SECTION 15-391.

3. "LEASE" MEANS A WRITTEN AGREEMENT IN WHICH THE RIGHT OF OCCUPANCY OR USE OF REAL PROPERTY IS CONVEYED FROM ONE PERSON OR ENTITY TO ANOTHER PERSON OR ENTITY FOR A SPECIFIED PERIOD OF TIME.

4. "LEASED CENTRALIZED CAMPUS" MEANS A FACILITY THAT IS LEASED AND OPERATED BY A JOINT TECHNICAL EDUCATION DISTRICT FOR THE PURPOSE OF OFFERING JOINT TECHNICAL EDUCATION PROGRAMS OR JOINT TECHNICAL EDUCATION COURSES AS DEFINED IN SECTION 15-391.

5. "SATELLITE CAMPUS" MEANS A FACILITY THAT IS OWNED OR OPERATED BY A SCHOOL DISTRICT FOR THE PURPOSE OF OFFERING JOINT TECHNICAL EDUCATION PROGRAMS OR JOINT TECHNICAL EDUCATION COURSES AS DEFINED IN SECTION 15-391.

EXPLANATION OF BLEND
SECTION 15-448

Laws 2013, First Special Session, Chapter 3
Laws 2013, First Regular Session, Chapter 10

Laws 2013, First Special Session, Ch. 3, section 8	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 10, section 1	Effective September 13, 2013 (Retroactive to July 1, 2012)

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 3 and Laws 2013, First Regular Session, Ch. 10 text changes to section 15-448 are blended in the form shown on the following pages.

Section 15-448 was amended an additional time by Laws 2013, First Regular Session, Ch. 66 with a delayed effective date that will require separate publication in addition to this blend.

BLEND OF SECTION 15-448

Laws 2013, First Special Session, Chapter 3 and Laws 2013, First Regular Session, Chapter 10

15-448. Formation of unified school district; board membership; budget

A. One or more common school districts and a high school district with coterminous or overlapping boundaries may establish a unified school district pursuant to this section. Unification of a common school district and a high school district is not authorized by this section if any of the high school facilities owned by the new unified school district would not be located within its boundaries.

B. Formation of a unified school district shall be by resolutions approved by the governing boards of the unifying school districts and certification of approval by such governing boards to the county school superintendent of the county or counties in which such individual school districts are located. A common school district and high school district that unify pursuant to this section shall not exclude from the same unification a common school district that has overlapping boundaries with the high school district and that wishes to unify. EXCEPT AS PROVIDED IN SUBSECTION D OF THIS SECTION, the formation of a unified school district shall become effective on July 1 of the next fiscal year following the certification of the county school superintendent. An election shall not be required to form a unified school district pursuant to this section. At least ninety days before the governing boards vote on the resolutions prescribed in this subsection, the governing boards shall mail a pamphlet to each household with one or more qualified electors that shall list the full cash value, the assessed valuation and the estimated amount of the primary property taxes and the estimated amount of the secondary property taxes under the proposed unification for each of the following:

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1. An owner occupied residence whose assessed valuation is the average assessed valuation of property classified as class three, as prescribed by section 42-12003 for the current year in the school district.

2. An owner occupied residence whose assessed valuation is one-half of the assessed valuation of the residence in paragraph 1 of this subsection.

3. An owner occupied residence whose assessed valuation is twice the assessed valuation of the residence in paragraph 1 of this subsection.

4. A business whose assessed valuation is the average of the assessed valuation of property classified as class one, as prescribed by section 42-12001, paragraphs 12 and 13 for the current year in the school district.

C. The boundaries of the unified school district shall be the boundaries of the former common school district or districts that unify. The boundaries of the common school district or districts that are not unifying remain unchanged. The county school superintendent, immediately ~~upon~~ ON receipt of the approved resolutions prescribed by subsection B of this section, shall file with the board of supervisors, the county assessor and the superintendent of public instruction a transcript of the boundaries of the unified school district. The boundaries shown in the transcript shall become the legal boundaries of the school districts on July 1 of the next fiscal year.

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D. On formation of the unified school district, the governing board consists of the members of the former school district governing boards and the members shall hold office until January 1 following the first general election after formation of the district. FOR THE PURPOSE OF ALL ACTIONS THAT ARE NECESSARY FOR THE OPERATION OF THE UNIFIED DISTRICT FOR THE NEXT YEAR, THE UNIFIED SCHOOL DISTRICT GOVERNING BOARD IS CONSTITUTED AND MAY CONDUCT MEETINGS AFTER THE ADOPTION OF THE UNIFICATION RESOLUTIONS PRESCRIBED BY SUBSECTION B OF THIS SECTION.

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E. Beginning on January 1 following the first general election after formation of the unified school district, the governing board shall have five members. At the first general election after the formation of the district, members shall be elected in the following manner:

1. The three candidates receiving the highest, the second highest and the third highest number of votes shall be elected to four year terms.

2. The two candidates receiving the fourth and fifth highest number of votes shall be elected to two year terms. Thereafter all offices shall have four year terms.

F. The new unified school district may appoint a resident of the remaining common school district to serve as a nonvoting member of the governing board to represent the interests of the high school pupils who reside in the remaining common school district and who attend school in the unified school district.

G. For the first year of operation, the unified school district governing board shall prepare a consolidated budget based on the student counts from the school districts comprising the unified school district, except that for purposes of determining budget amounts and equalization assistance, the student count for the former high school district shall not include the prior year average daily membership attributable to high school pupils from a common school district that was part of the former high school district but is not part of the unified school district. The unified school district shall charge the remaining common school district tuition for these pupils as provided in subsection J of this section. The unified school district may budget for unification assistance pursuant to section 15-912.01.

H. The governing board of the unified school district shall prepare policies, curricula and budgets for the district. These policies shall require that:

1. The base compensation of each certificated teacher for the first year of operation of the new unified school district shall not be lower than the certificated teacher's base compensation for the prior year in the previously existing school districts.

2. The certificated teacher's years of employment in the previously existing school districts shall be included in determining the teacher's certificated years of employment in the new unified school district.

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I. ~~Upon~~ ON formation of a unified school district[,] any existing override authorization of the former high school district and the former common school district or districts shall continue until expiration based on the revenue control limit of the school district or districts that had override authorization prior to unification. The unified school district may request new override authorization for the budget year as provided in section 15-481 based on the combined revenue control limit of the new district after

unification. If the unified school district's request for override authorization is approved, it will replace any existing override for the budget year.

J. The unified school district shall admit high school pupils who reside in a common school district that was located within the boundaries of the former high school district. Tuition shall be paid to the unified school district by the common school district in which such pupils reside. Such tuition amount shall be calculated in accordance with section 15-824, subject to the following modifications:

1. If the former high school district had outstanding bonded indebtedness at the time of unification, the combined tuition for the group of high school pupils who reside in each common school district shall include a debt service amount for the former high school district's outstanding bonded indebtedness that is determined as follows:

(a) Divide the total secondary assessed valuation of the common school district in which the group of pupils resides by the total secondary assessed valuation of the former high school district. For the purposes of this subdivision, "secondary assessed valuation" means secondary assessed valuation for the tax year prior to the year when the ~~unification occurs~~ UNIFIED SCHOOL DISTRICT GOVERNING BOARD IS CONSTITUTED PURSUANT TO SUBSECTION D OF THIS SECTION and includes the values used to determine voluntary contributions collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

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(b) Multiply the quotient obtained in subdivision (a) OF THIS PARAGRAPH by the unified school district's annual debt service expenditure.

2. The debt service portion of such tuition payments calculated pursuant to paragraph 1 of this subsection shall be used exclusively for debt service of the outstanding bonded indebtedness of the former high school district. When such indebtedness is fully extinguished, the debt service portion of a pupil's tuition shall be determined in accordance with paragraph 3 of this subsection.

3. If the former high school district had no outstanding bonded indebtedness at the time of unification, the tuition calculation shall include the actual school district expenditures for the portion of any debt service of the unified school district that pertains to any construction or renovation of high school facilities divided by the school district's student count for the high school portion of the school district.

4. The unified school district shall not include in the tuition calculation any debt service that pertains to any construction or renovation of school facilities for preschool through grade eight.

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5. Notwithstanding section 15-951, subsection ~~G~~ F, the revenue control limit of the common school district shall include the full amount of the debt service portion of the tuition calculated pursuant to this subsection.

K. All assets and liabilities of the unifying school districts shall be transferred and assumed by the new unified school district. Any existing bonded indebtedness of a common school district or a high school district unifying pursuant to this section shall be assumed by the new unified school district and shall be regarded as an indebtedness of the new unified school district for the purpose of determining the debt incurring authority of the

district. Taxes for the payment of such bonded indebtedness shall be levied on all taxable property in the new unified school district, but nothing in this subsection shall be construed to relieve from liability to taxation for the payment of all taxable property of the former high school district if necessary to prevent a default in the payment of any bonded indebtedness of the former high school district. The residents of a common school district that does not unify shall not vote in bond or override elections of the unified school district and shall not be assessed taxes as a result of a bond or override election of the unified school district.

L. If the remaining common school district had authorization for an override as provided in section 15-481 or 15-482, the override authorization continues for the remaining common school district or districts in the same manner as before the formation of the unified school district.

M. The bonding authorization and bonding limitations continue for the remaining common school district or districts in the same manner as before the formation of the unified school district.

N. Nothing in this section shall be construed to relieve a school district formed pursuant to section 15-457 or 15-458 of its liability for any outstanding bonded indebtedness.

O. For school districts that become unified after July 1, 2004 and where all of the common schools were eligible for the small school district weight pursuant to section 15-943, paragraph 1, subdivision (a) when computing their base support level and base revenue control limit before unification, the unified school district may continue to use the small school district weight as follows:

1. Annually determine the common school student count and the weighted student count pursuant to section 15-943, paragraph 1, subdivision (a) for each common school district before unification.

2. Calculate the sum of the common school districts' student counts and weighted student counts determined in paragraph 1 of this subsection.

3. Divide the sum of the weighted student counts by the sum of the student counts determined in paragraph 2 of this subsection.

4. The amount determined in paragraph 3 of this subsection shall be the weight for the common schools in the unified school district.

P. A unified school district may calculate its revenue control limit and district support level by using subsection O of this section as follows:

1. Determine the number of individual school districts that existed before unification into a single school district.

2. Multiply the amount determined in paragraph 1 of this subsection by six hundred.

3. Multiply the amount determined in paragraph 2 of this subsection by 0.80.

4. If the amount determined in paragraph 3 of this subsection exceeds the student count of the unified school district, the unified school district is eligible to use subsection O of this section.

Q. Subsections O and P of this section shall remain in effect until the aggregate student count of the common school districts before unification exceeds the aggregate number of students of the common school districts before unification authorized to utilize section 15-943, paragraph 1, subdivision (a).

EXPLANATION OF BLEND
SECTION 15-481

Laws 2013, First Special Session, Chapter 3
Laws 2013, First Regular Session, Chapter 66

Laws 2013, First Special Session, Ch. 3, section 9	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 66, section 2	Effective January 1, 2014

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 3 and Laws 2013, First Regular Session, Ch. 66 text changes to section 15-481 are blended effective from and after January 1, 2014 in the form shown on the following pages. However, both the blend version and the Ch. 3 version of section 15-481 will be published since the Ch. 3 version becomes effective before the Ch. 66 version. The publisher will automatically delete the Ch. 3 version on publication of the appropriate pocket part.

BLEND OF SECTION 15-481

Laws 2013, First Special Session, Chapter 3 and Laws 2013, First Regular Session, Chapter 66

15-481. Override election; budget increases; notice; ballot; effect

A. If a proposed budget of a school district exceeds the aggregate budget limit for the budget year, at least ninety days before the proposed election the governing board shall order an override election to be held on the first Tuesday following the first Monday in November as prescribed by section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of presenting the proposed budget to the qualified electors of the school district who by a majority of those voting either shall affirm or reject the budget. At the same time as the order of the election, the governing board shall publicly declare the deadline for submitting arguments, as set by the county school superintendent pursuant to subsection B, paragraph 9 of this section, to be submitted in the informational report and shall immediately post the deadline in a prominent location on the district's website. In addition, the governing board shall prepare an alternate budget ~~which~~ THAT does not include an increase in the budget of more than the amount permitted as provided in section 15-905. If the qualified electors approve the proposed budget, the governing board of the school district shall follow the procedures prescribed in section 15-905 for adopting a budget that includes the authorized increase. If the qualified electors disapprove the proposed budget, the governing board shall follow the procedures prescribed in section 15-905 for adopting a budget that does not include the proposed increase or the portion of the proposed increase that exceeds the amount authorized by a previously approved budget increase as prescribed in subsection P of this section.

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B. The county school superintendent shall prepare an informational report on the proposed increase in the budget and a sample ballot and, at least forty days prior to the election, shall transmit the report and the sample ballot to the governing board of the school district. The governing board, upon receipt of the report and the ballot, shall mail or distribute the report and the ballot to the households in which qualified electors reside within the school district at least thirty-five days prior to the election. Any distribution of material concerning the proposed increase in the budget shall not be conducted by children enrolled in the school district. The report shall contain the following information:

1. The date of the election.

2. The voter's polling place and the times it is open.

3. The proposed total increase in the budget ~~which~~ THAT exceeds the amount permitted pursuant to section 15-905.

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4. The total amount of the current year's budget, the total amount of the proposed budget and the total amount of the alternate budget.

5. If the override is for a period of more than one year, a statement indicating the number of years the proposed increase in the budget would be

in effect and the percentage of the school district's revenue control limit that the district is requesting for the future years.

6. The proposed total amount of revenues ~~which~~ THAT will fund the increase in the budget and the amount ~~which~~ THAT will be obtained from a levy of taxes upon the taxable property within the school district for the first year for which the budget increase was adopted.

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7. The proposed amount of revenues ~~which~~ THAT will fund the increase in the budget and ~~which~~ THAT will be obtained from other than a levy of taxes upon the taxable property within the school district for the first year for which the budget increase was adopted.

8. The dollar amount and the purpose for which the proposed increase in the budget is to be expended for the first year for which the budget increase was adopted.

9. At least two arguments, if submitted, but no more than ten arguments for and two arguments, if submitted, but no more than ten arguments against the proposed increase in the budget. The arguments shall be in a form prescribed by the county school superintendent, and each argument shall not exceed two hundred words. Arguments for the proposed increase in the budget shall be provided in writing and signed by the governing board. If submitted, additional arguments in favor of the proposed increase in the budget shall be provided in writing and signed by those in favor. Arguments against the proposed increase in the budget shall be provided in writing and signed by those in opposition. The names of persons and entities submitting written arguments shall be included in the report. The county school superintendent shall review all factual statements contained in the written arguments and correct any inaccurate statements of fact. The superintendent shall not review and correct any portion of the written arguments ~~which~~ THAT are identified as statements of the author's opinion. The county school superintendent shall make the written arguments available to the public as provided in title 39, chapter 1, article 2. A deadline for submitting arguments to be included in the informational report shall be set by the county school superintendent.

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10. A statement that the alternate budget shall be adopted by the governing board if the proposed budget is not adopted by the qualified electors of the school district.

11. The ~~current full cash value and the~~ CURRENT LIMITED PROPERTY VALUE AND THE NET assessed valuation provided by the department of revenue, the first year tax rate for the proposed override and the estimated amount of the secondary property taxes if the proposed budget is adopted for each of the following:

(a) An owner-occupied residence whose assessed valuation is the average assessed valuation of property classified as class three, as prescribed by section 42-12003 for the current year in the school district.

(b) An owner-occupied residence whose assessed valuation is one-half of the assessed valuation of the residence in subdivision (a) of this paragraph.

(c) An owner-occupied residence whose assessed valuation is twice the assessed valuation of the residence in subdivision (a) of this paragraph.

(d) A business whose assessed valuation is the average of the assessed valuation of property classified as class one, as prescribed by section 42-12001, paragraphs 12 and 13 for the current year in the school district.

12. If the election is conducted pursuant to subsection L or M of this section, the following information:

(a) An executive summary of the school district's most recent capital improvement plan submitted to the school facilities board.

(b) A complete list of each proposed capital improvement that will be funded with the budget increase and a description of the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the school facilities board.

(c) The tax rate associated with each of the proposed capital improvements and the estimated cost of each capital improvement for the owner of a single family home that is valued at eighty thousand dollars.

C. For the purpose of this section, the school district may use its staff, equipment, materials, buildings or other resources only to distribute the informational report at the school district office or at public hearings and to produce such information as required in subsection B of this section, provided that nothing in this subsection shall preclude school districts from holding or participating in any public hearings at which testimony is given by at least one person for the proposed increase and one person against the proposed increase. Any written information provided by the district pertaining to the override election shall include financial information showing the estimated first year tax rate for the proposed budget override amount.

D. If any amount of the proposed increase will be funded by a levy of taxes in the district, the election prescribed in subsection A of this section shall be held on the first Tuesday following the first Monday in November as prescribed by section 16-204, subsection B, paragraph 1, subdivision (d). If the proposed increase will be fully funded by revenues from other than a levy of taxes, the elections prescribed in subsection A of this section shall be held on any date prescribed by section 16-204. The elections shall be conducted as nearly as practicable in the manner prescribed in article 1 of this chapter, sections 15-422 through 15-424 and section 15-426, relating to special elections, except that:

1. The notices required pursuant to section 15-403 shall be posted not less than twenty-five days before the election.

2. Ballots shall be counted pursuant to title 16, chapter 4, article 10.

E. If the election is to exceed the revenue control limit and if the proposed increase will be fully funded by a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify his desired choice. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection P of this section and the following statement:

Any budget increase authorized by this election shall be entirely funded by a levy of taxes upon the taxable property within this school district for the year for which adopted and for ____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on the current NET assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district's budget would require an estimated tax rate of _____ dollar per one hundred dollars of NET assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate which will be levied to fund the school district's revenue control limit allowed by law.

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F. If the election is to exceed the revenue control limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain:

1. The amount of the proposed increase of the proposed budget over the alternate budget.

2. A statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection P of this section.

3. The following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

G. Except as provided in subsection H of this section, the maximum budget increase ~~which~~ THAT may be requested and authorized as provided in subsection E or F of this section or the combination of subsections E and F of this section is fifteen per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. If a school district requests an override pursuant to section 15-482 or to continue with a budget override pursuant to section 15-482 for pupils in kindergarten programs and grades one through three that was authorized before December 31, 2008, the maximum budget increase that may be requested and authorized as provided in subsection E or F of this section or the combination of subsections E and F of this section is ten per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year.

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H. Special budget override provisions for school districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight or with a student count of less than one hundred seventy-six in grades nine through twelve are as follows:

1. The maximum budget increase that may be requested and authorized as provided in subsections E and F of this section is the greater of the amount prescribed in subsection G of this section or a limit computed as follows:

(a) For common or unified districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

Student Count		Small School Student Count Limit		Support Level Weight for Small Isolated School Districts		Base Level		Phase Down Reduction Factor
_____	-	125	x	1.358 + (0.0005 x (500 - Student Count))	x	$ _____	=	$ _____

Phase Down Base		Phase Down Reduction Factor		Small Isolated School District Elementary Limit
$150,000	-	$ _____	=	$ _____

(ii)

Student Count		Small School Student Count Limit		Support Level Weight for Small School Districts		Base Level		Phase Down Reduction Factor
_____	-	125	x	1.278 + (0.0003 x (500 - Student Count))	x	$ _____	=	$ _____

Phase Down Base		Phase Down Reduction Factor		Small School District Elementary Limit
$150,000	-	$ _____	=	$ _____

(b) For unified or union high school districts with a student count of less than one hundred seventy-six in grades nine through twelve, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

Student Count		Small School Student Count Limit		Support Level Weight for Small Isolated School Districts		Base Level		Phase Down Reduction Factor
_____	-	100	x	1.468 + (0.0005 x (500 - Student Count))	x	$ _____	=	$ _____

Phase Down Base		Phase Down Reduction Factor		Small Isolated District Secondary Limit
$350,000	-	$ _____	=	$ _____

(ii)

Student Count		Small School Student Count Limit		Support Level Weight for Small School Districts		Base Level		Phase Down Reduction Factor
_____	-	100	x	1.398 + (0.0004 x (500 - Student Count))	x	$ _____	=	$ _____

Phase Down Base		Phase Down Reduction Factor		Small School District Secondary Limit
$350,000	-	$ _____	=	$ _____

(c) If both subdivisions (a) and (b) of this paragraph apply to a unified school district, its limit for the purposes of this paragraph is the combination of its elementary limit and its secondary limit.

(d) If only subdivision (a) or (b) of this paragraph applies to a unified school district, the district's limit for the purposes of this paragraph is the sum of the limit computed as provided in subdivision (a) or (b) of this paragraph plus ten per cent of the revenue control limit attributable to those grade levels that do not meet the eligibility requirements of this subsection. If a school district budgets monies outside the revenue control limit pursuant to section 15-949, subsection E, the district's limit for the purposes of this paragraph is only the ten per cent of the revenue control limit attributable to those grade levels that are not included under section 15-949, subsection E. For the purposes of this subdivision, the revenue control limit is separated into elementary and secondary components based on the weighted student count as provided in section 15-971, subsection B, paragraph 2, subdivision (a).

2. If a school district utilizes this subsection to request an override of more than one year, the ballot shall include an estimate of the amount of the proposed increase in the future years in place of the statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, as prescribed in subsections E and F of this section.

3. Notwithstanding subsection P of this section, the maximum period of an override authorized pursuant to this subsection is five years.

4. Subsection P, paragraphs 1 and 2 of this section do not apply to overrides authorized pursuant to this subsection.

I. If the election is to exceed the revenue control limit as provided in section 15-482 and if the proposed increase will be fully funded by a levy of taxes on the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain the amount of the proposed increase of the budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection Q of this section, and the following statement:

> Any budget increase authorized by this election shall be entirely funded by a levy of taxes on the taxable property within this school district for the year for which adopted and for _____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on the current NET assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district's budget which will be funded by a levy of taxes upon the taxable property within this

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school district would require an estimated tax rate of _____ dollar per one hundred dollars of NET assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate that will be levied to fund the school district's revenue control limit allowed by law.

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J. If the election is to exceed the revenue control limit as provided in section 15-482 and if the proposed increase will be fully funded by revenues other than a levy of taxes on the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection Q of this section and the following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

K. The maximum budget increase that may be requested and authorized as provided in subsection I or J of this section, or a combination of both of these subsections, is five per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. For a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight as provided in section 15-971, subsection B. For a unified school district, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through twelve. For a union high school district, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in grades nine through twelve.

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L. If the election is to exceed ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE and if the proposed increase will be fully funded by a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

Any budget increase authorized by this election shall be entirely funded by a levy of taxes upon the taxable property

within this school district for the year in which adopted and for _____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on the current NET assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district's budget would require an estimated tax rate of _____ dollar per one hundred dollars of NET assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate which will be levied to fund the school district's ~~capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE allowed by law.

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M. If the election is to exceed ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

> Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year in which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

N. If the election is to exceed a combination of the revenue control limit as provided in subsection E or F of this section, the revenue control limit as provided in subsection I or J of this section or ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE as provided in subsection L or M of this section, the ballot shall be prepared so that the voters may vote on each proposed increase separately and shall contain statements required in the same manner as if each proposed increase were submitted separately.

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O. If the election provides for a levy of taxes on the taxable property within the school district, at least thirty days prior to the election, the department of revenue shall provide the school district governing board and the county school superintendent with the current ~~secondary~~ NET assessed valuation of the school district. The governing board and the county school superintendent shall use the current ~~secondary~~ NET assessed valuation of the school district to translate the amount of the proposed dollar increase in the budget of the school district over that allowed by law into a tax rate figure.

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P. If the voters in a school district vote to adopt a budget in excess of the revenue control limit as provided in subsection E or F of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. Any additional increase shall be excluded from the determination of equalization assistance. The school district governing board, however, may levy on the NET assessed valuation

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used for secondary property tax purposes of the property in the school district the additional increase if adopted under subsection E of this section for the period of one year, two years or five through seven years as authorized. If an additional increase is approved as provided in subsection F of this section, the school district governing board may only use revenues derived from the school district's prior year's maintenance and operation fund ending cash balance to fund the additional increase. If a budget increase was previously authorized and will be in effect for the budget year or budget year and subsequent years, as provided in subsection E or F of this section, the governing board may request a new budget increase as provided in the same subsection under which the prior budget increase was adopted, which shall not exceed the maximum amount permitted under subsection G of this section. If the voters in the school district authorize the new budget increase amount, the existing budget increase no longer is in effect. If the voters in the school district do not authorize the budget increase amount, the existing budget increase remains in effect for the time period for which it was authorized. The maximum additional increase authorized as provided in
Ch. 66 subsection E or F of this section and the additional increase ~~which~~ THAT is included in the aggregate budget limit is based on a percentage of a school district's revenue control limit in future years, if the budget increase is authorized for more than one year. If the additional increase:

1. Is for two years, the proposed increase in the second year is equal to the initial proposed percentage increase.

2. Is for five years or more, the proposed increase is equal to the initial proposed percentage increase in the following years of the proposed increase, except that in the next to last year it is two-thirds of the initial proposed percentage increase and it is one-third of the initial proposed percentage increase in the last year of the proposed increase.

Q. If the voters in a school district vote to adopt a budget in excess of the revenue control limit as provided in subsection I or J of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. Any additional increase shall be excluded from the determination of equalization assistance. The school
Ch. 66 district governing board, however, may levy on the NET assessed valuation used for secondary property tax purposes of the property in the school district the additional increase if adopted under subsection I of this section for the period of one year, two years or five through seven years as authorized. If an additional increase is approved as provided in subsection J of this section, the increase may only be budgeted and expended if sufficient monies are available in the maintenance and operation fund of the school district. If a budget increase was previously authorized and will be in effect for the budget year or budget year and subsequent years, as provided in subsection I or J of this section, the governing board may request a new budget increase as provided in the same subsection under which the prior budget increase was adopted that does not exceed the maximum amount permitted under subsection K of this section. If the voters in the school district authorize the new budget increase amount, the existing budget increase no longer is in effect. If the voters in the school district do not authorize the budget increase amount, the existing budget increase remains in effect for the time period for which it was authorized. The maximum

additional increase authorized as provided in subsection I or J of this section and the additional increase that is included in the aggregate budget limit is based on a percentage of a school district's revenue control limit in future years, if the budget increase is authorized for more than one year. If the additional increase:

1. Is for two years, the proposed increase in the second year is equal to the initial proposed percentage increase.

2. Is for five years or more, the proposed increase is equal to the initial proposed percentage increase in the following years of the proposed increase, except that in the next to last year it is two-thirds of the initial proposed percentage increase and it is one-third of the initial proposed percentage increase in the last year of the proposed increase.

R. If the voters in a school district vote to adopt a budget in excess
Ch. 3 — of ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE as provided in subsection L of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. The additional increase shall be excluded from the determination of equalization assistance. The school district governing board, however, may levy on the
Ch. 66 — NET assessed valuation used for secondary property tax purposes of the property in the school district the additional increase for the period authorized but not to exceed ten years. For overrides approved by a vote of the qualified electors of the school district at an election held from and after October 31, 1998, the period of the additional increase prescribed in this subsection shall not exceed seven years for any capital override election.

S. If the voters in a school district vote to adopt a budget in excess
Ch. 3 — of ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE as provided in subsection M of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. The additional increase shall be excluded from the determination of equalization assistance. The school district governing board may only use revenues derived from the school district's prior year's maintenance and operation fund ending cash balance and capital outlay fund ending cash balance to fund the additional increase for the period authorized but not to exceed ten years. For overrides approved by a vote of the qualified electors of the school district at an election held from and after October 31, 1998, the period of the additional increase prescribed in this subsection shall not exceed seven years for any capital override election.

T. In addition to subsections P and S of this section, from the maintenance and operation fund and capital outlay fund ending cash balances, the school district governing board shall first use any available revenues to reduce its primary tax rate to zero and shall use any remaining revenues to fund the additional increase authorized as provided in subsections F and M of this section.

U. If the voters in a school district disapprove the proposed budget,
Ch. 66 — the alternate budget ~~which~~ THAT, except for any budget increase authorized by a prior election, does not include an increase in the budget in excess of the amount provided in section 15-905 shall be adopted by the governing board as provided in section 15-905.

V. The governing board may request that any override election be cancelled if any change in chapter 9 of this title changes the amount of the aggregate budget limit as provided in section 15-905. The request to cancel the override election shall be made to the county school superintendent at least eighty days prior to the date of the scheduled override election.

W. For any election conducted pursuant to subsection L or M of this section:

1. The ballot shall include the following statement in addition to any other statement required by this section:

> The capital improvements that are proposed to be funded through this override election are to exceed the state standards and are in addition to monies provided by the state.
>
> _____ school district is proposing to increase its budget by $_____ to fund capital improvements over and above those funded by the state. Under the students first capital funding system, _____ school district is entitled to
> Ch. 3 state monies for ~~building renewal,~~ new construction and renovation of school buildings in accordance with state law.

2. The ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice.

3. At least eighty-five days before the election, the school district shall submit proposed ballot language to the director of the Arizona legislative council. The director of the Arizona legislative council shall review the proposed ballot language to determine whether the proposed ballot language complies with this section. If the director of the Arizona legislative council determines that the proposed ballot language does not comply with this section, the director, within ten calendar days of the receipt of the proposed ballot language, shall notify the school district of the director's objections and the school district shall resubmit revised ballot language to the director for approval.

X. If the voters approve the budget increase pursuant to subsection L or M of this section, the school district shall not use the override proceeds for any purposes other than the proposed capital improvements listed in the publicity pamphlet, except that up to ten per cent of the override proceeds may be used for general capital expenses, including cost overruns of proposed capital improvements.

Y. Each school district that currently increases its budget pursuant to this section is required to hold a public meeting each year between September 1 and October 31 at which an update of the programs or capital improvements financed through the override is discussed and at which the public is permitted an opportunity to comment and:

1. If the increase is pursuant to subsection L or M of this section, at a minimum, the update shall include the progress of capital improvements financed through the override, a comparison of the current status and the original projections on the construction of capital improvements, the costs of capital improvements and the costs of capital improvements in progress or completed since the prior meeting and the future capital plans of the school district. The school district shall include in the public meeting a

discussion of the school district's use of state capital aid and voter-approved bonding in funding capital improvements, if any.

2. If the increase is pursuant to subsection E, F, I or J of this section, the update shall include at a minimum the amount expended in the previous fiscal year and the amount included in the current budget for each of the purposes listed in the informational report prescribed by subsection B of this section.

Z. If a budget in excess of ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE was previously adopted by the voters in a school district and will be in effect for the budget year or budget year and subsequent years, as provided in subsection L or M of this section, the governing board may request an additional budget in excess of ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE. If the voters in a school district authorize the additional budget in excess of ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE, the existing ~~capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE budget increase remains in effect.

Ch. 3

AA. Notwithstanding any other law, the maximum budget increase that may be authorized pursuant to subsection L or M of this section is ten per cent of the school district's revenue control limit.

BB. If the election is to continue to exceed the revenue control limit and if the proposed override will be fully funded by a continuation of a levy of taxes on the taxable property in the school district, the ballot shall contain the words "budget override continuation, yes" and "budget override continuation, no", and the voter shall signify the voter's desired choice. The ballot shall also contain the amount of the proposed continuation of the budget increase of the proposed budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection P of this section and the following statement:

> Any budget increase continuation authorized by this election shall be entirely funded by a levy of taxes on the taxable property in this school district for the year for which adopted and for ____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on the current NET assessed valuation used for secondary property tax purposes, to fund the proposed continuation of the increase in the school district's budget would require an estimated continuation of a tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate that will be levied to fund the school district's revenue control limit allowed by law.

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CC. If the election is to continue to exceed the revenue control limit as provided in section 15-482 and if the proposed override will be fully funded by a continuation of a levy of taxes on the taxable property in the school district, the ballot shall contain the words "budget override continuation, yes" and "budget override continuation, no", and the voter

shall signify the voter's desired choice. The ballot shall also contain the amount of the proposed continuation of the budget increase of the proposed budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection P of this section and the following statement:

> Any budget increase continuation authorized by this election shall be entirely funded by a levy of taxes on the taxable property in this school district for the year for which adopted and for ____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on the current NET assessed valuation used for secondary property tax purposes, to fund the proposed continuation of the increase in the school district's budget would require an estimated continuation of a tax rate of _____ dollar per one hundred dollars of NET assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate that will be levied to fund the school district's revenue control limit allowed by law.

Ch. 66

EXPLANATION OF BLEND
SECTION 15-491

Laws 2013, First Special Session, Chapter 3
Laws 2013, First Regular Session, Chapter 91

Laws 2013, First Special Session, Ch. 3, section 10	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 91, section 2	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 3 and Laws 2013, First Regular Session, Ch. 91 text changes to section 15-491 are blended in the form shown on the following pages.

BLEND OF SECTION 15-491
Laws 2013, First Special Session, Chapter 3 and Laws 2013, First Regular Session, Chapter 91

15-491. Elections on school property; exceptions

A. The governing board of a school district may, and on petition of fifteen per cent of the school electors as shown by the poll list at the last preceding annual school election shall, call an election for the following purposes:

1. To locate or change the location of school buildings.

2. To purchase or sell school sites or buildings or sell school sites pursuant to section 15-342 or to build school buildings, but the authorization by vote of the school district shall not necessarily specify the site to be purchased.

3. To decide whether the bonds of the school district shall be issued and sold for the purpose of raising money for purchasing or leasing school lots, for building or renovating school buildings, for supplying school buildings with furniture, equipment and technology, for improving school grounds, for purchasing pupil transportation vehicles or for liquidating any indebtedness already incurred for such purposes. Bonds issued for furniture, equipment and technology, other than fixtures, shall mature no later than the July 1 that follows the fifth year after the bonds were issued. A school district shall not issue class B bonds until the school district has obligated in contract the entire proceeds of any class A bonds issued by the school district. The total amount of class A and class B bonds issued by a school district shall not exceed the debt limitations prescribed in article IX, sections 8 and 8.1, Constitution of Arizona.

Ch. 91

4. To lease for ~~five~~ TEN or more years, as lessor or as lessee, school buildings or grounds. Approval by a majority of the school district electors voting authorizes the governing board to negotiate for and enter into a lease. The ballot shall list the school buildings or grounds for which a lease is sought. If the governing board does not enter into a lease of ~~five~~ TEN or more years of the school buildings or grounds listed on the ballot within ~~five~~ TEN years of the date of the election and the board continues to seek such a lease, the governing board shall call a special election to reauthorize the board to negotiate for and to enter into a lease of ~~five~~ TEN or more years.

5. To change the list of capital projects or the purposes authorized by prior voter approval to issue bonds.

6. To extend from six to ten years the time period to issue class B bonds authorized in 2009 or earlier. Elections pursuant to this paragraph may not be held later than the sixth November after the election approving the issuance of the bonds.

B. No petition shall be required for the holding of the first election to be held in a joint common school district for any of the purposes specified in subsection A of this section. The notice of election required

by section 15-492 shall be published in each of the counties that comprise the joint common school district. The certification of election results required by section 15-493 shall be made to the board of supervisors of the jurisdictional county.

C. When the election is called to determine whether or not bonds of the school district shall be issued and sold for the purposes enumerated in the call for the election, the question shall be submitted to the vote of the qualified electors of the school district as defined in section 15-401 and subject to section 15-402.

D. The governing board shall order the election to be held in the manner prescribed in title 35, chapter 3, article 3. If a petition for an election has been filed with the governing board as provided in subsection A of this section, the board shall act on the petition within sixty days by ordering the election to be held as provided in this subsection. If a school district bond election is scheduled for the same date a school district will hold an override election, the governing body shall deliver a copy of the notice of election and ballot to the county school superintendent who shall include the notice of election and ballot with the information report and ballot prepared for the override election. Mailing of the information required for both the override and bond elections shall constitute compliance with the notice provisions of this section.

E. The elections to be held pursuant to this section shall only be held on dates prescribed by section 16-204, except that elections held pursuant to this section to decide whether class B bonds shall be issued, or any other obligation incurred that will require the assessment of secondary property taxes, shall only be held on the first Tuesday after the first Monday of November.

F. Subsection A, paragraph 2 of this section does not apply to the sale of school property if the market value of the school property is less than fifty thousand dollars.

G. Bond counsel fees, financial advisory fees, printing costs and paying agent and registrar fees for bonds issued pursuant to an election under this section shall be paid from either the amount authorized by the qualified electors of the school district or current operating funds. Bond election expenses shall be paid from current operating funds only.

H. For any election conducted to decide whether class B bonds will be issued pursuant to this section:

1. Except as provided in paragraph 2 of this subsection, the ballot shall include the following statement:

> The capital improvements that are proposed to be funded through this bond issuance are to exceed the state standards and are in addition to monies provided by the state.
>
> _____ school district is proposing to issue class B general obligation bonds totaling $_____ to fund capital improvements over and above those funded by the state. Under the students first capital funding system, _____ school district is entitled to state monies for ~~building renewal,~~ new construction and renovation of school buildings in accordance with state law.

Ch. 3

2. For a school district that is a joint technical education district, the ballot shall include the following statement:

> _____, a joint technical education district, is proposing to issue class B general obligation bonds totaling $_____ to fund capital improvements at a campus owned or operated and maintained by the joint technical education district.

3. The ballot shall contain the words "bond approval, yes" and "bond approval, no", and the voter shall signify the voter's desired choice.

4. The ballot shall also contain the phrase "the issuance of these bonds will result in an annual levy of property taxes sufficient to pay the debt on the bonds".

5. At least eighty-five days before the election, the school district shall submit proposed ballot language to the director of the Arizona legislative council. The director of the Arizona legislative council shall review the proposed ballot language to determine whether the proposed ballot language complies with this section. If the director of the Arizona legislative council determines that the proposed ballot language does not comply with this section, the director, within ten calendar days of the receipt of the proposed ballot language, shall notify the school district of the director's objections and the school district shall resubmit revised ballot language to the director for approval.

6. No later than thirty-five days before a class B bond election conducted pursuant to this section, the school district shall mail a publicity pamphlet to each household that contains a qualified elector in the school district. The publicity pamphlet shall contain, at a minimum, the following information:

(a) An executive summary of the school district's most recent capital plan submitted to the school facilities board.

(b) A complete list of each proposed capital improvement that will be funded with the proceeds of the bonds and a description of the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the school facilities board.

(c) The tax rate associated with each of the proposed capital improvements and the estimated cost of each capital improvement for the owner of a single family home that is valued at one hundred thousand dollars.

I. For any election conducted to decide whether impact aid revenue bonds shall be issued pursuant to this section:

1. The ballot shall include the following statement:

> The capital improvements that are proposed to be funded through this bond issuance are to exceed the state standards and are in addition to monies provided by the state.
>
> _____ school district is proposing to issue impact aid revenue bonds totaling $_____ to fund capital improvements over and above those funded by the state. Under the students first capital funding system, _____ school
> Ch. 3 _____ district is entitled to state monies for ~~building renewal,~~ new construction and renovation of school buildings in accordance with state law.

2. The ballot shall contain the words "bond approval, yes" and "bond approval, no", and the voter shall signify the voter's desired choice.

3. At least eighty-five days before the election, the school district shall submit proposed ballot language to the director of the legislative council. The director of the legislative council shall review the proposed ballot language to determine whether the proposed ballot language complies with this section. If the director of the legislative council determines that the proposed ballot language does not comply with this section, the director, within ten calendar days of the receipt of the proposed ballot language, shall notify the school district of the director's objections and the school district shall resubmit revised ballot language to the director for approval.

4. No later than thirty-five days before an impact aid revenue bond election conducted pursuant to this section, the school district shall mail a publicity pamphlet to each household that contains a qualified elector in the school district. The publicity pamphlet shall contain, at a minimum, the following information:

(a) The date of the election.

(b) The voter's polling place and the times it is open.

(c) An executive summary of the school district's most recent capital plan submitted to the school facilities board.

(d) A complete list of each proposed capital improvement that will be funded with the proceeds of the bonds and a description of the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the school facilities board.

(e) A statement that impact aid revenue bonds will be fully funded by aid that the school district receives from the federal government and do not require a levy of taxes in the district.

(f) A statement that if the bonds are approved, the first priority for the impact aid will be to pay the debt service for the bonds and that other uses of the monies are prohibited until the debt service obligation is met.

(g) A statement that if the impact aid revenue bonds are approved, the school district shall not issue or sell class B bonds while the district has existing indebtedness from impact aid revenue bonds, except for bonds issued to refund any bonds issued by the board.

J. If the voters approve the issuance of school district class B bonds or impact aid revenue bonds, the school district shall not use the bond proceeds for any purposes other than the proposed capital improvements listed in the publicity pamphlet, except that up to ten per cent of the bond proceeds may be used for general capital expenses, including cost overruns of proposed capital improvements. The proposed capital improvements may be changed by a subsequent election as provided by this section.

K. Each school district that issues bonds under this section is required to hold a public meeting each year between September 1 and October 31, until the bond proceeds are spent, at which an update of the progress of capital improvements financed through bonding is discussed and at which the public is permitted an opportunity to comment. At a minimum, the update shall include a comparison of the current status and the original projections on the construction of capital improvements, the costs of capital improvements and the costs of capital improvements in progress or completed

since the prior meeting and the future capital bonding plans of the school district. The school district shall include in the public meeting a discussion of the school district's use of state capital aid and voter-approved capital overrides in funding capital improvements, if any.

L. If an election is held to change the purpose or list of capital projects authorized by prior voter approval to issue bonds pursuant to subsection A, paragraph 5 of this section, the following requirements apply:

1. The election may be held only on the first Tuesday after the first Monday in November.

2. No later than thirty-five days before the election, the school district shall mail a publicity pamphlet to each household in the school district that contains a qualified elector. The publicity pamphlet shall contain, at a minimum, the following information:

(a) The date of the election.

(b) The voter's polling place and the times it is open.

(c) A statement as to why the election was called.

(d) A complete list of each proposed capital improvement that is in addition to the initial capital improvements presented in the publicity pamphlet when the bonds were approved and the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the school facilities board.

(e) A complete list of each capital improvement that was presented in the publicity pamphlet when the bonds were initially approved and that is proposed to be eliminated or to have its cost reduced, and the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the school facilities board.

(f) Arguments for and against the proposed change, if submitted, as provided by section 15-481, subsection B, paragraph 9.

3. The ballot shall contain the words "change capital improvements, yes" and "change capital improvements, no", and the voter shall signify the voter's desired choice.

4. If the election is to add a purpose that was not on the initial ballot, the ballot shall list the purpose that is proposed to be added.

M. If an election is held to extend the time to issue bonds pursuant to subsection A, paragraph 6 of this section, the following requirements apply:

1. The election may be held only on the first Tuesday after the first Monday in November.

2. No later than thirty-five days before the election, the school district shall mail a publicity pamphlet to each household in the school district that contains a qualified elector. The publicity pamphlet shall contain, at a minimum, the following information:

(a) The date of the election.

(b) The voter's polling place and the times it is open.

(c) A statement as to why the election was called.

(d) Arguments for and against the proposed change, if submitted, as provided in section 15-481, subsection B, paragraph 9.

3. The ballot shall contain the words "extend time to issue bonds, yes" and "extend time to issue bonds, no", and the voter shall signify the voter's desired choice.

EXPLANATION OF BLEND
SECTION 15-701.01

Laws 2013, Chapters 20 and 252

Laws 2013, Ch. 20, section 1	Effective September 13, 2013
Laws 2013, Ch. 252, section 1	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 20 and Ch. 252 text changes to section 15-701.01 are blended in the form shown on the following pages.

BLEND OF SECTION 15-701.01
Laws 2013, Chapters 20 and 252

15-701.01. High school; graduation; requirements; community college or university courses; transfer from private schools; academic credit

A. The state board of education shall:

1. Prescribe a minimum course of study, as defined in section 15-101 and incorporating the academic standards adopted by the state board of education, for the graduation of pupils from high school.

2. Prescribe competency requirements for the graduation of pupils from high school incorporating the academic standards in at least the areas of reading, writing, mathematics, science and social studies. THE ACADEMIC STANDARDS PRESCRIBED BY THE STATE BOARD OF EDUCATION IN SOCIAL STUDIES SHALL INCLUDE PERSONAL FINANCE. THIS PARAGRAPH DOES NOT ALLOW THE STATE BOARD OF EDUCATION TO ESTABLISH A REQUIRED SEPARATE PERSONAL FINANCE COURSE FOR THE PURPOSE OF THE GRADUATION OF PUPILS FROM HIGH SCHOOL.

Ch. 252

3. Develop and adopt competency tests pursuant to section 15-741[.] ENGLISH LANGUAGE LEARNERS WHO ARE SUBJECT TO ARTICLE 3.1 OF THIS CHAPTER ARE SUBJECT TO THE ASSESSMENTS PRESCRIBED IN SECTION 15-741. ~~for the graduation of pupils from high school in at least the areas of reading, writing and mathematics and shall establish passing scores for each such test. For the purposes of satisfying the graduation requirements of this paragraph, a minimum score as determined by the state board of education on one or more nationally recognized college entrance examinations selected by the state board of education, if examination information may be accessed at no cost to this state, may be substituted for passing scores on the Arizona instrument to measure standards test for a pupil who is in grade twelve. For the purposes of satisfying the graduation requirements of this paragraph, a score as determined by the state board of education on a board examination prescribed in article 6 of this chapter may be substituted for passing scores on the Arizona instrument to measure standards test if a pupil who is in grade twelve has previously taken the board examination and has not achieved the minimum score required to be eligible for a Grand Canyon diploma. A pupil shall not be required to pass the competency test required in this paragraph to graduate from high school if the pupil transfers into the district from out-of-state and has successfully passed a statewide assessment test on state-adopted standards that are substantially equivalent to the state board adopted academic standards.~~

Ch. 20

~~B. If the state board of education adopts a competency test as a graduation requirement for a child with a disability as defined in section 15-761 or a child who receives special education pursuant to section 15-763, pupils with individualized education programs shall not be required to achieve passing scores on competency tests in order to graduate from high school unless the pupil is learning at a level appropriate for the pupil's~~

~~grade level in a specific academic area and unless passing scores on a competency test are specifically required in a specific academic area by the pupil's individualized education program as mutually agreed on by the pupil's parents and the pupil's individualized education program team or the pupil, if the pupil is at least eighteen years of age. These competency tests shall be administered to pupils in a manner prescribed in the pupil's individualized education program, and school districts and charter schools shall make specific and appropriate accommodations for pupils with individualized education programs. Pupils with section 504 plans as defined in section 15-731 shall not be required to achieve passing scores on competency tests in order to graduate from high school unless the pupil is learning at a level appropriate for the pupil's grade level in a specific academic area and unless passing scores on a competency test are specifically required in a specific academic area by the pupil's section 504 plan that is developed in consultation with the pupil's parents. These competency tests shall be administered to pupils in a manner prescribed in the pupil's section 504 plan, and school districts and charter schools shall make specific and appropriate accommodations for pupils with a section 504 plan. A pupil with an individualized education program or a section 504 plan who graduates from high school but who is not required to achieve a passing score on a competency test in order to graduate from high school shall receive the standard diploma issued by the school district or charter school.~~

Ch. 20

~~C.~~ B. The governing board of a school district shall:

1. Prescribe curricula that include the academic standards in the required subject areas pursuant to subsection A, paragraph 1 of this section.

2. Prescribe criteria for the graduation of pupils from the high schools in the school district. These criteria shall include accomplishment of the academic standards in at least reading, writing, mathematics, science and social studies, as determined by district assessment. Other criteria may include additional measures of academic achievement and attendance.

~~D.~~ C. The governing board may prescribe the course of study and competency requirements for the graduation of pupils from high school that are in addition to or higher than the course of study and competency requirements ~~which~~ THAT the state board prescribes.

Chs. 20 and 252

~~E.~~ D. The governing board may prescribe competency requirements for the passage of pupils in courses that are required for graduation from high school.

~~F.~~ E. A teacher shall determine whether to pass or fail a pupil in a course in high school as provided in section 15-521, paragraph ~~3~~ 4 on the basis of the competency requirements, if any have been prescribed. The governing board, if it reviews the decision of a teacher to pass or fail a pupil in a course in high school as provided in section 15-342, paragraph 11, shall base its decision on the competency requirements, if any have been prescribed.

~~G.~~ F. Graduation requirements established by the governing board may be met by a pupil who passes courses in the required or elective subjects at a community college or university, if the course is at a higher level than the course taught in the high school attended by the pupil or, if the course is not taught in the high school, the level of the course is equal to or higher than the level of a high school course. The governing board shall

determine if the subject matter of the community college or university course is appropriate to the specific requirement the pupil intends it to fulfill and if the level of the community college or university course is less than, equal to or higher than a high school course, and the governing board shall award one-half of a carnegie unit for each three semester hours of credit the pupil earns in an appropriate community college or university course. If a pupil is not satisfied with the decision of the governing board regarding the amount of credit granted or the subjects for which credit is granted, the pupil may request that the state board of education review the decision of the governing board, and the state board shall make the final determination of the amount of credit to be given the pupil and for which subjects. The governing board shall not limit the number of credits that is required for high school graduation and that may be met by taking community college or university courses. For the purposes of this subsection:

1. "Community college" means an educational institution that is operated by a community college district as defined in section 15-1401 or a postsecondary educational institution under the jurisdiction of an Indian tribe recognized by the United States department of the interior.

2. "University" means a university under the jurisdiction of the Arizona board of regents.

~~H.~~ G. A pupil who transfers from a private school shall be provided with a list that indicates those credits that have been accepted and denied by the school district. A pupil may request to take an examination in each particular course in which credit has been denied. The school district shall accept the credit for each particular course in which the pupil takes an examination and receives a passing score on a test designed and evaluated by a teacher in the school district who teaches the subject matter on which the examination is based. In addition to the above requirements, the governing board of a school district may prescribe requirements for the acceptance of the credits of pupils who transfer from a private school.

~~I.~~ H. If a pupil who was previously enrolled in a charter school or school district enrolls in a school district in this state, the school district shall accept credits earned by the pupil in courses or instructional programs at the charter school or school district. The governing board of a school district may adopt a policy concerning the application of transfer credits for the purpose of determining whether a credit earned by a pupil who was previously enrolled in a school district or charter school will be assigned as an elective or core credit.

~~J.~~ I. A pupil who transfers from a charter school or school district shall be provided with a list that indicates which credits have been accepted as an elective credit and which credits have been accepted as a core credit by the school district. Within ten school days after receiving the list, a pupil may request to take an examination in each particular course in which core credit has been denied. The school district shall accept the credit as a core credit for each particular course in which the pupil takes an examination and receives a passing score on a test designed and evaluated by a teacher in the school district who teaches the subject matter on which the examination is based.

~~K.~~ J. The state board of education shall adopt rules to allow high school pupils who can demonstrate competency in a particular academic course

or subject to obtain academic credit for the course or subject without enrolling in the course or subject.

~~L.~~ K. Pupils who earn a Grand Canyon diploma pursuant to article 6 of this chapter are exempt from the graduation requirements prescribed in this section~~, including the requirement that a pupil obtain passing scores on the Arizona instrument to measure standards test in order to graduate from high school~~. Pupils who earn a Grand Canyon diploma are entitled to all the rights and privileges of persons who graduate with a high school diploma issued pursuant to this section, including access to postsecondary scholarships and other forms of student financial aid and access to all forms of postsecondary education. Notwithstanding any other law, a pupil who is eligible for a Grand Canyon diploma may elect to remain in high school through grade twelve and shall not be prevented from enrolling at a high school after the pupil becomes eligible for a Grand Canyon diploma. A pupil who is eligible for a Grand Canyon diploma and who elects not to pursue one of the options prescribed in section 15-792.03 may only be readmitted to that high school or another high school in this state pursuant to policies adopted by the school district of readmission.

Ch. 20

EXPLANATION OF BLEND
SECTION 15-702

Laws 2013, Chapters 11 and 20

Laws 2013, Ch. 11, section 3	Effective September 13, 2013
Laws 2013, Ch. 20, section 3	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 11 and Ch. 20 text changes to section 15-702 are blended in the form shown on the following page.

BLEND OF SECTION 15-702
Laws 2013, Chapters 11 and 20

15-702. High school equivalency diploma; fees; rules

Ch. 11 A. Any person who is sixteen years of age or older and who passes ~~a general educational development test~~ AN EQUIVALENCY TEST ADOPTED BY THE STATE BOARD OF EDUCATION shall be awarded an Arizona high school equivalency diploma by the state board of education and the state superintendent of public instruction. The state board of education may establish eligibility requirements for persons wishing to take ~~a general educational development test~~ AN EQUIVALENCY TEST ADOPTED BY THE STATE BOARD OF EDUCATION, except that the minimum age required to take the test may not be older than sixteen nor shall the board require the completion of any high school credits.

Ch. 20 B. A person who meets the minimum course of study and competency requirements prescribed by the state board of education for graduation from high school through a combination of high school credits and community college and university credits, which are converted to high school credits in the same manner as provided in section 15-701.01, subsection ~~G~~ F by the governing board or the state board of education, shall be awarded an Arizona high school equivalency diploma.

C. The state board of education may establish and collect fees for the issuance and reissuance of the following:

Ch. 11 1. A ~~general~~ HIGH SCHOOL equivalency diploma.

2. A ~~general~~ HIGH SCHOOL equivalency transcript.

Chs. 11 and 20 D. The state board of education shall ~~develop~~ ADOPT rules for fee waivers for the ~~general~~ HIGH SCHOOL equivalency diploma and ~~general~~ HIGH SCHOOL equivalency transcripts.

Ch. 11

EXPLANATION OF BLEND
SECTION 15-901

Laws 2013, First Special Session, Chapter 3
Laws 2013, First Regular Session, Chapter 251

Laws 2013, First Special Session, Ch. 3, section 14	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 251, section 12	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 3 and Laws 2013, First Regular Session, Ch. 251 text changes to section 15-901 are blended in the form shown on the following pages.

BLEND OF SECTION 15-901
Laws 2013, First Special Session, Chapter 3 and Laws 2013, First Regular Session, Chapter 251

15-901. Definitions

A. In this title, unless the context otherwise requires:

1. "Average daily membership" means the total enrollment of fractional students and full-time students, minus withdrawals, of each school day through the first one hundred days or two hundred days in session, as applicable, for the current year. Withdrawals include students formally withdrawn from schools and students absent for ten consecutive school days, except for excused absences identified by the department of education. For the purposes of this section, school districts and charter schools shall report student absence data to the department of education at least once every sixty days in session. For computation purposes, the effective date of withdrawal shall be retroactive to the last day of actual attendance of the student or excused absence.

(a) "Fractional student" means:

(i) For common schools, a preschool child who is enrolled in a program for preschool children with disabilities of at least three hundred sixty minutes each week or a kindergarten student at least five years of age before January 1 of the school year and enrolled in a school kindergarten program that meets at least three hundred fifty-six hours for a one hundred eighty day school year, or the instructional hours prescribed in this section. Lunch periods and recess periods may not be included as part of the instructional hours unless the child's individualized education program requires instruction during those periods and the specific reasons for such instruction are fully documented. In computing the average daily membership, preschool children with disabilities and kindergarten students shall be counted as one-half of a full-time student. For common schools, a part-time student is a student enrolled for less than the total time for a full-time student as defined in this section. A part-time common school student shall be counted as one-fourth, one-half or three-fourths of a full-time student if the student is enrolled in an instructional program that is at least one-fourth, one-half or three-fourths of the time a full-time student is enrolled as defined in subdivision (b) of this paragraph.

(ii) For high schools, a part-time student who is enrolled in less than four subjects that count toward graduation as defined by the state board of education, each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, in a recognized high school. The average daily membership of a part-time high school student shall be 0.75 if the student is enrolled in an instructional

program of three subjects that meet at least five hundred forty hours for a one hundred eighty day school year, or the instructional hours prescribed in this section. The average daily membership of a part-time high school student shall be 0.5 if the student is enrolled in an instructional program of two subjects that meet at least three hundred sixty hours for a one hundred eighty day school year, or the instructional hours prescribed in this section. The average daily membership of a part-time high school student shall be 0.25 if the student is enrolled in an instructional program of one subject that meets at least one hundred eighty hours for a one hundred eighty day school year, or the instructional hours prescribed in this section.

(b) "Full-time student" means:

(i) For common schools, a student who is at least six years of age before January 1 of a school year, who has not graduated from the highest grade taught in the school district and who is regularly enrolled in a course of study required by the state board of education. First, second and third grade students, ungraded students at least six, but under nine, years of age by September 1 or ungraded group B children with disabilities who are at least five, but under six, years of age by September 1 must be enrolled in an instructional program that meets for a total of at least seven hundred twelve hours for a one hundred eighty day school year, or the instructional hours prescribed in this section. Fourth, fifth and sixth grade students or ungraded students at least nine, but under twelve, years of age by September 1 must be enrolled in an instructional program that meets for a total of at least eight hundred ninety hours for a one hundred eighty day school year, or the instructional hours prescribed in this section. Seventh and eighth grade students or ungraded students at least twelve, but under fourteen, years of age by September 1 must be enrolled in an instructional program that meets for at least one thousand hours. Lunch periods and recess periods may not be included as part of the instructional hours unless the student is a child with a disability and the child's individualized education program requires instruction during those periods and the specific reasons for such instruction are fully documented.

Ch. 3 (ii) For high schools, ~~except as provided in section 15-105,~~ a student not graduated from the highest grade taught in the school district, or an ungraded student at least fourteen years of age by September 1, and enrolled in at least an instructional program of four or more subjects that count toward graduation as defined by the state board of education, each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, that meets for a total of at least seven hundred twenty hours for a one hundred eighty day school year, or the instructional hours prescribed in this section in a recognized high school. A full-time student shall not be counted more than once for computation of average daily membership. The average daily membership of a full-time high school student shall be 1.0 if the student is enrolled in at least four subjects that meet at least seven hundred twenty hours for a one hundred eighty day school year, or the equivalent instructional hours prescribed in this section.

(iii) IF A CHILD WHO HAS NOT REACHED FIVE YEARS OF AGE BEFORE SEPTEMBER 1 OF THE CURRENT SCHOOL YEAR IS ADMITTED TO KINDERGARTEN AND REPEATS KINDERGARTEN IN THE FOLLOWING SCHOOL YEAR, A SCHOOL DISTRICT OR CHARTER SCHOOL IS NOT ELIGIBLE TO RECEIVE BASIC STATE AID ON BEHALF OF THAT CHILD DURING THE CHILD'S SECOND YEAR OF KINDERGARTEN. IF A CHILD WHO HAS NOT REACHED FIVE YEARS OF AGE BEFORE SEPTEMBER 1 OF THE CURRENT SCHOOL YEAR IS ADMITTED TO KINDERGARTEN BUT DOES NOT REMAIN ENROLLED, A SCHOOL DISTRICT OR CHARTER SCHOOL MAY RECEIVE A PORTION OF BASIC STATE AID ON BEHALF OF THAT CHILD IN THE SUBSEQUENT YEAR. A SCHOOL DISTRICT OR CHARTER SCHOOL MAY CHARGE TUITION FOR ANY CHILD WHO IS INELIGIBLE FOR BASIC STATE AID PURSUANT TO THIS ITEM.

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~~(iii)~~ (iv) Except as otherwise provided by law, for a full-time high school student who is concurrently enrolled in two school districts or two charter schools, the average daily membership shall not exceed 1.0.

~~(iv)~~ (v) Except as otherwise provided by law, for any student who is concurrently enrolled in a school district and a charter school, the average daily membership shall be apportioned between the school district and the charter school and shall not exceed 1.0. The apportionment shall be based on the percentage of total time that the student is enrolled in or in attendance at the school district and the charter school.

~~(v)~~ (vi) Except as otherwise provided by law, for any student who is concurrently enrolled, pursuant to section 15-808, in a school district and Arizona online instruction or a charter school and Arizona online instruction, the average daily membership shall be apportioned between the school district and Arizona online instruction or the charter school and Arizona online instruction and shall not exceed 1.0. The apportionment shall be based on the percentage of total time that the student is enrolled in or in attendance at the school district and Arizona online instruction or the charter school and Arizona online instruction.

~~(vi)~~ (vii) For homebound or hospitalized, a student receiving at least four hours of instruction per week.

2. "Budget year" means the fiscal year for which the school district is budgeting and that immediately follows the current year.

3. "Common school district" means a political subdivision of this state offering instruction to students in programs for preschool children with disabilities and kindergarten programs and either:

(a) Grades one through eight.

(b) Grades one through nine pursuant to section 15-447.01.

4. "Current year" means the fiscal year in which a school district is operating.

5. "Daily attendance" means:

(a) For common schools, days in which a pupil:

(i) Of a kindergarten program or ungraded, but not group B children with disabilities, and at least five, but under six, years of age by September 1 attends at least three-quarters of the instructional time scheduled for the day. If the total instruction time scheduled for the year is at least three hundred ~~forty-six~~ FIFTY-SIX hours but is less than ~~six hundred ninety-two~~ SEVEN HUNDRED TWELVE hours, such attendance shall be counted as one-half day of attendance. If the instructional time scheduled for the year is at least six hundred ninety-two hours, "daily

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attendance" means days in which a pupil attends at least one-half of the instructional time scheduled for the day. Such attendance shall be counted as one-half day of attendance.

(ii) Of the first, second or third grades, ungraded and at least six, but under nine, years of age by September 1 or ungraded group B children with disabilities and at least five, but under six, years of age by September 1 attends more than three-quarters of the instructional time scheduled for the day.

(iii) Of the fourth, fifth or sixth grades or ungraded and at least nine, but under twelve, years of age by September 1 attends more than three-quarters of the instructional time scheduled for the day, except as provided in section 15-797.

(iv) Of the seventh or eighth grades or ungraded and at least twelve, but under fourteen, years of age by September 1 attends more than three-quarters of the instructional time scheduled for the day, except as provided in section 15-797.

(b) For common schools, the attendance of a pupil at three-quarters or less of the instructional time scheduled for the day shall be counted as follows, except as provided in section 15-797 and except that attendance for a fractional student shall not exceed the pupil's fractional membership:

(i) If attendance for all pupils in the school is based on quarter days, the attendance of a pupil shall be counted as one-fourth of a day's attendance for each one-fourth of full-time instructional time attended.

(ii) If attendance for all pupils in the school is based on half days, the attendance of at least three-quarters of the instructional time scheduled for the day shall be counted as a full day's attendance and attendance at a minimum of one-half but less than three-quarters of the instructional time scheduled for the day equals one-half day of attendance.

(c) For common schools, the attendance of a preschool child with disabilities shall be counted as one-fourth day's attendance for each thirty-six minutes of attendance not including lunch periods and recess periods, except as provided in paragraph 1, subdivision (a), item (i) of this subsection for children with disabilities up to a maximum of three hundred sixty minutes each week.

(d) For high schools or ungraded schools in which the pupil is at least fourteen years of age by September 1, the attendance of a pupil shall not be counted as a full day unless the pupil is actually and physically in attendance and enrolled in and carrying four subjects, each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred ~~twenty~~ TWENTY-THREE hours a year, or the equivalent, that count toward graduation in a recognized high school except as provided in section 15-797 and subdivision (e) of this paragraph. Attendance of a pupil carrying less than the load prescribed shall be prorated.

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(e) For high schools or ungraded schools in which the pupil is at least fourteen years of age by September 1, the attendance of a pupil may be counted as one-fourth of a day's attendance for each sixty minutes of instructional time in a subject that counts toward graduation, except that

attendance for a pupil shall not exceed the pupil's full or fractional membership.

(f) For homebound or hospitalized, a full day of attendance may be counted for each day during a week in which the student receives at least four hours of instruction.

(g) For school districts that maintain school for an approved year-round school year operation, attendance shall be based on a computation, as prescribed by the superintendent of public instruction, of the one hundred eighty days' equivalency or two hundred days' equivalency, as applicable, of instructional time as approved by the superintendent of public instruction during which each pupil is enrolled.

6. "Daily route mileage" means the sum of:

(a) The total number of miles driven daily by all buses of a school district while transporting eligible students from their residence to the school of attendance and from the school of attendance to their residence on scheduled routes approved by the superintendent of public instruction.

(b) The total number of miles driven daily on routes approved by the superintendent of public instruction for which a private party, a political subdivision or a common or a contract carrier is reimbursed for bringing an eligible student from the place of his residence to a school transportation pickup point or to the school of attendance and from the school transportation scheduled return point or from the school of attendance to his residence. Daily route mileage includes the total number of miles necessary to drive to transport eligible students from and to their residence as provided in this paragraph.

7. "District support level" means the base support level plus the transportation support level.

8. "Eligible students" means:

(a) Students who are transported by or for a school district and who qualify as full-time students or fractional students, except students for whom transportation is paid by another school district or a county school superintendent, and:

(i) For common school students, whose place of actual residence within the school district is more than one mile from the school facility of attendance or students who are admitted pursuant to section 15-816.01 and who meet the economic eligibility requirements established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1785) for free or reduced price lunches and whose actual place of residence outside the school district boundaries is more than one mile from the school facility of attendance.

(ii) For high school students, whose place of actual residence within the school district is more than one and one-half miles from the school facility of attendance or students who are admitted pursuant to section 15-816.01 and who meet the economic eligibility requirements established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1785) for free or reduced price lunches and whose actual place of residence outside the school district boundaries is more than one and one-half miles from the school facility of attendance.

(b) Kindergarten students, for purposes of computing the number of eligible students under subdivision (a), item (i) of this paragraph, shall be counted as full-time students, notwithstanding any other provision of law.

(c) Children with disabilities, as defined by section 15-761, who are transported by or for the school district or who are admitted pursuant to chapter 8, article 1.1 of this title and who qualify as full-time students or fractional students regardless of location or residence within the school district or children with disabilities whose transportation is required by the pupil's individualized education program.

(d) Students whose residence is outside the school district and who are transported within the school district on the same basis as students who reside in the school district.

9. "Enrolled" or "enrollment" means when a pupil is currently registered in the school district.

10. "GDP price deflator" means the average of the four implicit price deflators for the gross domestic product reported by the United States department of commerce for the four quarters of the calendar year.

11. "High school district" means a political subdivision of this state offering instruction to students for grades nine through twelve or that portion of the budget of a common school district that is allocated to teaching high school subjects with permission of the state board of education.

12. "Revenue control limit" means the base revenue control limit plus the transportation revenue control limit.

13. "Student count" means average daily membership as prescribed in this subsection for the fiscal year before the current year, except that for the purpose of budget preparation student count means average daily membership as prescribed in this subsection for the current year.

14. "Submit electronically" means submitted in a format and in a manner prescribed by the department of education.

15. "Total bus mileage" means the total number of miles driven by all buses of a school district during the school year.

16. "Total students transported" means all eligible students transported from their place of residence to a school transportation pickup point or to the school of attendance and from the school of attendance or from the school transportation scheduled return point to their place of residence.

17. "Unified school district" means a political subdivision of the state offering instruction to students in programs for preschool children with disabilities and kindergarten programs and grades one through twelve.

B. In this title, unless the context otherwise requires:

1. "Base" means the revenue level per student count specified by the legislature.

2. "Base level" means the following amounts plus the percentage increases to the base level as provided in sections ~~15-902.02~~ 15-902.04, 15-918.04, 15-919.04 and 15-952, except that if a school district or charter school is eligible for an increase in the base level as provided in two or more of these sections, the base level amount shall be

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calculated by compounding rather than adding the sum of one plus the percentage of the increase from those different sections:

(a) For fiscal year 2007-2008, three thousand two hundred twenty-six dollars eighty-eight cents.

(b) For fiscal year 2008-2009, three thousand two hundred ninety-one dollars forty-two cents.

(c) For fiscal years 2009-2010, 2010-2011, 2011-2012 and 2012-2013, three thousand two hundred sixty-seven dollars seventy-two cents.

Ch. 3 (d) FOR FISCAL YEAR 2013-2014, THREE THOUSAND THREE HUNDRED TWENTY-SIX DOLLARS FIFTY-FOUR CENTS.

3. "Base revenue control limit" means the base revenue control limit computed as provided in section 15-944.

4. "Base support level" means the base support level as provided in section 15-943.

5. "Certified teacher" means a person who is certified as a teacher pursuant to the rules adopted by the state board of education, who renders direct and personal services to school children in the form of instruction related to the school district's educational course of study and who is paid from the maintenance and operation section of the budget.

6. "DD" means programs for children with developmental delays who are at least three years of age but under ten years of age. A preschool child who is categorized under this paragraph is not eligible to receive funding pursuant to section 15-943, paragraph 2, subdivision (b).

7. "ED, MIID, SLD, SLI and OHI" means programs for children with emotional disabilities, mild intellectual disabilities, a specific learning disability, a speech/language impairment and other health impairments. A preschool child who is categorized as SLI under this paragraph is not eligible to receive funding pursuant to section 15-943, paragraph 2, subdivision (b).

8. "ED-P" means programs for children with emotional disabilities who are enrolled in private special education programs as prescribed in section 15-765, subsection D, paragraph 1 or in an intensive school district program as provided in section 15-765, subsection D, paragraph 2.

9. "ELL" means English learners who do not speak English or whose native language is not English, who are not currently able to perform ordinary classroom work in English and who are enrolled in an English language education program pursuant to sections 15-751, 15-752 and 15-753.

10. "Full-time equivalent certified teacher" or "FTE certified teacher" means for a certified teacher the following:

(a) If employed full time as defined in section 15-501, 1.00.

(b) If employed less than full time, multiply 1.00 by the percentage of a full school day, or its equivalent, or a full class load, or its equivalent, for which the teacher is employed as determined by the governing board.

11. "Group A" means educational programs for career exploration, a specific learning disability, an emotional disability, a mild intellectual disability, remedial education, a speech/language impairment, developmental delay, homebound, bilingual, other health impairments and gifted pupils.

12. "Group B" means educational improvements for pupils in kindergarten programs and grades one through three, educational programs for autism, a hearing impairment, a moderate intellectual disability, multiple disabilities, multiple disabilities with severe sensory impairment, orthopedic impairments, preschool severe delay, a severe intellectual disability and emotional disabilities for school age pupils enrolled in private special education programs or in school district programs for children with severe disabilities or visual impairment and English learners enrolled in a program to promote English language proficiency pursuant to section 15-752.

13. "HI" means programs for pupils with hearing impairment.

14. "Homebound" or "hospitalized" means a pupil who is capable of profiting from academic instruction but is unable to attend school due to illness, disease, accident or other health conditions, who has been examined by a competent medical doctor and who is certified by that doctor as being unable to attend regular classes for a period of not less than three school months or a pupil who is capable of profiting from academic instruction but is unable to attend school regularly due to chronic or acute health problems, who has been examined by a competent medical doctor and who is certified by that doctor as being unable to attend regular classes for intermittent periods of time totaling three school months during a school year. The medical certification shall state the general medical condition, such as illness, disease or chronic health condition, that is the reason that the pupil is unable to attend school. Homebound or hospitalized includes a student who is unable to attend school for a period of less than three months due to a pregnancy if a competent medical doctor, after an examination, certifies that the student is unable to attend regular classes due to risk to the pregnancy or to the student's health.

15. "K-3" means kindergarten programs and grades one through three.

16. "K-3 Reading" means reading programs for pupils in kindergarten programs and grades one, two and three.

17. "MD-R, A-R and SID-R" means resource programs for pupils with multiple disabilities, autism and severe intellectual disability.

18. "MD-SC, A-SC and SID-SC" means self-contained programs for pupils with multiple disabilities, autism and severe intellectual disability.

19. "MD-SSI" means a program for pupils with multiple disabilities with severe sensory impairment.

20. "MOID" means programs for pupils with moderate intellectual disability.

21. "OI-R" means a resource program for pupils with orthopedic impairments.

22. "OI-SC" means a self-contained program for pupils with orthopedic impairments.

23. "PSD" means preschool programs for children with disabilities as provided in section 15-771.

24. "P-SD" means programs for children who meet the definition of preschool severe delay as provided in section 15-771.

25. "Qualifying tax rate" means the qualifying tax rate specified in section 15-971 applied to the assessed valuation used for primary property taxes.

26. "Small isolated school district" means a school district that meets all of the following:

(a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.

(b) Contains no school that is fewer than thirty miles by the most reasonable route from another school, or, if road conditions and terrain make the driving slow or hazardous, fifteen miles from another school that teaches one or more of the same grades and is operated by another school district in this state.

(c) Is designated as a small isolated school district by the superintendent of public instruction.

27. "Small school district" means a school district that meets all of the following:

(a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.

(b) Contains at least one school that is fewer than thirty miles by the most reasonable route from another school that teaches one or more of the same grades and is operated by another school district in this state.

(c) Is designated as a small school district by the superintendent of public instruction.

28. "Transportation revenue control limit" means the transportation revenue control limit computed as prescribed in section 15-946.

29. "Transportation support level" means the support level for pupil transportation operating expenses as provided in section 15-945.

30. "VI" means programs for pupils with visual impairments.

31. "Voc. Ed." means career and technical education and vocational education programs, as defined in section 15-781.

EXPLANATION OF BLEND
SECTION 15-905

Laws 2013, First Special Session, Chapter 3
Laws 2013, First Regular Session, Chapter 251

Laws 2013, First Special Session, Ch. 3, section 18	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 251, section 13	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 3 and the Laws 2013, First Regular Session, Ch. 251 text changes to section 15-905 are blended in the form shown on the following pages.

BLEND OF SECTION 15-905
Laws 2013, First Special Session Chapter 3 and Laws 2013, First Regular Session, Chapter 251

15-905. School district budgets; notice; adoption; aggregate budget limit; summary; adjustments; impact aid fund; definition

A. Not later than July 5 of each year or no later than the publication of notice of the public hearing and board meeting as required by this section, the governing board of each school district shall prepare and furnish to the superintendent of public instruction and the county school superintendent, unless waived by the county school superintendent, a proposed budget in electronic format for the budget year, which shall contain the information and be in the form as provided by the department of education. The proposed budget shall include the following:

1. The total amount of revenues from all sources that was necessary to meet the school district's budget for the current year.

2. The total amount of revenues by source that will be necessary to meet the proposed budget of the school district, excluding property taxes. The governing board shall prepare the proposed budget and a summary of the proposed budget. Both documents shall be kept on file at the school
Ch. 251 district office and shall be made available to the public ~~upon~~ ON request. Not later than July 5 of each year or not later than the publication of notice of the public hearing and board meeting required by this subsection, the governing board shall submit the proposed budget to the department of education, which shall prominently display this information about that school district on the website maintained by the department. If the school district maintains a website, the school district shall post a link to the website of the department of education where this information about the school district is posted. The auditor general in conjunction with the department of education shall prescribe the form of the summary of the proposed budget for use by governing boards. School district governing boards may include in the proposed budget any items or amounts ~~which~~ THAT are authorized by legislation filed with the secretary of state and ~~which~~ THAT will become effective during the budget year. If subsequent events prevent the legislation from becoming effective, school district governing boards must reduce their budgets by the amounts budgeted pursuant to the legislation ~~which~~ THAT did
Ch. 251 not become effective.

B. The governing board of each school district shall prepare a notice fixing a time not later than July 15 and designating a public place within each school district at which a public hearing and board meeting shall be held. The governing board shall present the proposed budget for consideration of the residents and the taxpayers of the school district at ~~such~~ THAT hearing and meeting.

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C. The governing board of each school district shall publish or mail, ~~prior to~~ BEFORE the hearing and meeting, a copy of the proposed budget or the summary of the proposed budget and~~, in addition,~~ a notice of the public hearing and board meeting no later than ten days ~~prior to~~ BEFORE the meeting. The proposed budget and the summary of the proposed budget shall contain the percentage of increase or decrease in each budget category of the proposed budget as compared to each category of the budget for the current year. Notification shall be either by publication in a newspaper of general circulation within the school district in which the size of the newspaper print shall be at least eight-point type, by electronic transmission of the information to the department of education for posting on the department's website or by mailing the information to each household in the school district. The cost of publication, website posting or mailing shall be a charge against the school district. The publisher's affidavit of publication shall be filed by the governing board with the superintendent of public instruction within thirty days after publication. If the budget or proposed budget and notice are posted on a website maintained by the department of education or mailed, the board shall file an affidavit with the superintendent of public instruction within thirty days after the mailing or the date that the information is posted on the website. If a truth in taxation notice and hearing is required under section 15-905.01, the governing board may combine the notice and hearing under this section with the truth in taxation notice and hearing.

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D. At the time and place fixed in the notice, the governing board shall hold the public hearing and present the proposed budget to the persons attending the hearing. ~~Upon~~ ON request of any person, the governing board shall explain the budget, and any resident or taxpayer of the school district may protest the inclusion of any item. A governing board member who has a substantial interest, as defined in section 38-502, in a specific item in the school district budget shall refrain from voting on the specific item. A governing board member may participate without creating a conflict of interest in adoption of a final budget even though the member may have substantial interest in specific items included in the budget.

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E. Immediately following the public hearing the president shall call to order the governing board meeting for the purpose of adopting the budget. The governing board shall adopt the budget, which shall not exceed the general budget limit~~,~~ OR the unrestricted capital budget limit ~~or the soft capital allocation limit~~, making such deductions as it sees fit but making no additions to the proposed budget total for maintenance and operations or capital outlay, and shall enter the budget as adopted in its minutes. Not later than July 18, the budget as finally adopted shall be filed by the governing board with the county school superintendent who shall immediately transmit a copy to the board of supervisors. Not later than July 18, the budget as finally adopted shall be submitted electronically to the superintendent of public instruction. Not later than July 18, the governing board shall submit the budget as finally adopted to the department of education, which shall prominently display this information about that school district on the website maintained by

the department. If the school district maintains a website, the school district shall post a link to the website of the department of education where this information about the school district is posted. On or before October 30, the superintendent of public instruction shall review the budget and notify the governing board if the budget is in excess of the general budget limit~~,~~ OR the unrestricted capital budget limit ~~or the soft capital allocation limit~~. The governing board shall revise the budget as follows:

1. If the governing board receives notification that the budget exceeds the general budget limit~~,~~ OR the unrestricted capital budget limit ~~or the soft capital allocation limit~~ by one per cent of the general budget limit or one hundred thousand dollars, whichever is less, it shall adopt on or before December 15, after it gives notice and holds a public meeting in a similar manner as provided in subsections C and D of this section, a revised budget for the current year, which shall not exceed the general budget limit~~,~~ OR the unrestricted capital budget limit ~~or the soft capital allocation limit~~.

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2. If the governing board receives notification that the budget exceeds the general budget limit~~,~~ OR the unrestricted capital budget limit ~~or the soft capital allocation limit~~ by less than the amount prescribed in paragraph 1 of this subsection, the governing board shall adjust the budget and expenditures so as not to exceed the general budget limit~~,~~ OR the unrestricted capital budget limit ~~or the soft capital allocation limit~~ for the current year.

3. On or before December 18, the governing board shall file the revised budget it adopts with the county school superintendent who shall immediately transmit a copy to the board of supervisors. Not later than December 18, the budget as revised shall be submitted electronically to the superintendent of public instruction. School districts that are subject to section 15-914.01 are not required to send a copy of revised budgets to the county school superintendent. Procedures for adjusting expenditures or revising the budget shall be as prescribed in the uniform system of financial records.

F. The governing board of each school district may budget for expenditures within the school district budget as follows:

1. Amounts within the general budget limit, as provided in section 15-947, subsection C, may only be budgeted in the following sections of the budget:

(a) The maintenance and operation section.

(b) The capital outlay section.

2. Amounts within the unrestricted capital budget limit, as provided in section 15-947, subsection D, may only be budgeted in the unrestricted capital outlay subsection of the budget. Monies received pursuant to the unrestricted capital budget limit shall be placed in the unrestricted capital outlay fund. The monies in the fund are not subject to reversion.

~~3. The soft capital allocation limit, as provided in section 15-947, subsection E, may only be budgeted in the soft capital allocation subsection of the budget.~~

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G. The governing board may authorize the expenditure of monies budgeted within the maintenance and operation section of the budget for any subsection within the section in excess of amounts specified in the adopted budget only by action taken at a public meeting of the governing board and if the expenditures for all subsections of the section do not exceed the amount budgeted as provided in this section.

H. The aggregate budget limit is the sum of the following:

1. The general budget limit as determined in section 15-947 for the budget year.

2. The unrestricted capital budget limit as determined in section 15-947 for the budget year.

Ch. 3 ~~3. The soft capital allocation limit for the budget year as determined in section 15-947.~~

~~4.~~ 3. Federal assistance, excluding title VIII of the elementary and secondary education act of 1965 monies.

Ch. 251 I. School districts ~~which~~ THAT overestimated tuition revenues as provided in section 15-947, subsection C, paragraph 2 shall adjust the general budget limit and expenditures based ~~upon~~ ON tuition revenues for attendance of nonresident pupils during the current fiscal year. School districts ~~which~~ THAT underestimated tuition revenues may adjust their budgets ~~prior to~~ BEFORE May 15 based ~~upon~~ ON tuition revenues for attendance of nonresident pupils during the current fiscal year. School districts ~~which~~ THAT overestimated revenues as provided in section 15-947, subsection C, paragraph 2, subdivision (a), items (iii), (iv) and (v) and subdivision ~~(d)~~ (c) shall adjust the general budget limit and expenditures based on actual revenues during the current fiscal year. School districts ~~which~~ THAT underestimated such revenues may adjust their budgets before May 15 based on actual revenues during the current fiscal year. Procedures for completing adjustments shall be as prescribed in the uniform system of financial records. Not later than May 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction.

J. A common school district not within a high school district whose estimated tuition charge for high school pupils exceeds the actual tuition charge for high school pupils shall adjust the general budget limit and expenditures based on the actual tuition charge. Not later than May 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction. A common school district not within a high school district whose estimated tuition charge for high school pupils is less than the actual tuition charge for high school pupils may adjust its budget before May 15 based on the actual tuition charge. Procedures for completing adjustments shall be as prescribed in the uniform system of financial records. If the adjusted general budget limit requires an adjustment of state aid and if the adjustment to state aid is not made in the current year, the superintendent of public instruction shall adjust by August 15 of the succeeding fiscal year the apportionment of state aid to the school district to correct any overpayment or underpayment of state aid received during the current year.

K. The governing board may include title VIII of the elementary and secondary education act of 1965 assistance allocated for children with

disabilities, children with specific learning disabilities, children residing on Indian lands and children residing within the boundaries of an accommodation school that is located on a military reservation and that is classified as a heavily impacted local educational agency pursuant to 20 United States Code section 7703, which is in addition to basic assistance when determining the general budget limit as prescribed in section 15-947, subsection C. The increase in the general budget limit for children residing within the boundaries of an accommodation school that is located on a military reservation and that is classified as a heavily impacted local education agency shall equal the dollar amount calculated pursuant to 20 United States Code section 7703(b)(2). The governing board may adjust before May 15 the budget for the current year based on any adjustments ~~which~~ THAT result in increases over the amount estimated by the superintendent of public instruction for title VIII of the elementary and secondary education act of 1965 assistance for such pupils for the fiscal year preceding the current year. The governing board shall adjust before May 15 the budget for the current year based on any adjustments ~~which~~ THAT result in decreases in the amount estimated by the superintendent of public instruction for title VIII of the elementary and secondary education act of 1965 assistance for such pupils for the fiscal year preceding the current year. Not later than May 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction. Procedures for complying with this subsection shall be as prescribed in the uniform system of financial records.

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L. The department of education shall notify the state board of education if expenditures by any school district exceed the general budget limit prescribed in section 15-947, subsection C, the unrestricted capital budget limit, ~~the soft capital allocation limit prescribed in section 15-947, subsection E,~~ the school plant fund limits prescribed in section 15-1102, subsection B, the maintenance and operation section of the budget or the capital outlay section of the budget. If the expenditures of any school district exceed these limits or sections of the budget without authorization as provided in section 15-907, and if the state board of education determines that the equalization assistance for education received by the school district as provided in section 15-971 does not conform with statutory requirements, the state board of education shall reduce the state aid for equalization assistance for education for the school district computed as provided in section 15-971 during the fiscal year subsequent to the fiscal year in which the excess equalization assistance for education was received by an amount equal to the excess equalization assistance for education, except that in case of hardship to the school district, the superintendent of public instruction may approve reductions partly in the first subsequent year and partly in the second subsequent year. If the state board of education determines that the equalization assistance for education received by the school district conforms with statutory requirements, the state board of education shall not reduce the district's equalization assistance for education pursuant to this subsection but the district shall reduce the budget limits as required in subsection M of this section. A school district that disagrees with the department of education's determination regarding an

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excess expenditure under this subsection may request a hearing before the state board of education.

M. The governing board of a school district shall reduce the general budget limit~~,~~ OR the unrestricted capital budget limit ~~or the soft capital allocation limit~~ for the year subsequent to the year in which the expenditures were in excess of the applicable limit or section of the budget by the amount determined in subsection L of this section, except that in case of hardship to the school district, the superintendent of public instruction may approve reductions partly in the first subsequent year and partly in the second subsequent year. The reduction in the limit is applicable to each school district ~~which~~ THAT has exceeded the general budget limit, the unrestricted capital budget limit~~, the soft capital allocation limit~~ or a section of the budget even if the reduction exceeds the state aid for equalization assistance for education for the school district.

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N. Except as provided in section 15-916, no expenditure shall be made by any school district for a purpose not included in the budget or in excess of the aggregate budget limit prescribed in this section, except that if no budget has been adopted, from July 1 to July 15 the governing board may make expenditures if the total of the expenditures does not exceed ten per cent of the prior year's aggregate budget limit. Any expenditures made from July 1 to July 15 and ~~prior to~~ BEFORE the adoption of the budget shall be included in the total expenditures for the current year. No expenditure shall be made and no debt, obligation or liability shall be incurred or created in any year for any purpose itemized in the budget in excess of the amount specified for the item irrespective of whether the school district at any time has received or has on hand funds in excess of those required to meet the expenditures, debts, obligations and liabilities provided for under the budget except expenditures from cash controlled funds as defined by the uniform system of financial records and except as provided in section 15-907 and subsection G of this section. This subsection does not prohibit any school district from prepaying insurance premiums ~~or~~, magazine subscriptions OR OFFICIATING SERVICES, or from prepaying any item ~~which~~ THAT is normally prepaid in order to procure the service or to receive a discounted price for the service, as prescribed by the uniform system of financial records.

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O. The governing board of a school district ~~which~~ THAT is classified as a heavily impacted school district having twenty per cent or more pupils pursuant to 20 United States Code section 238(d)1(A) may determine its eligibility to increase the amount that may be included in determining the general budget limit as provided in subsection K of this section and may increase the amount as follows:

1. For fiscal year 1988-1989:

(a) Multiply one thousand ninety-four dollars by the number of children with disabilities or children with specific learning disabilities, excluding children who also reside on Indian lands, reported to the division of impact aid, United States department of education in the district's application for fiscal year 1987-1988.

(b) Multiply five hundred forty-seven dollars by the number of children residing on Indian lands, excluding children who have

disabilities or also have specific learning disabilities, reported to the division of impact aid, United States department of education in the district's application for fiscal year 1987-1988.

(c) Multiply one thousand nine hundred fourteen dollars by the number of children residing on Indian lands who have disabilities or also have specific learning disabilities reported to the division of impact aid, United States department of education in the district's application for fiscal year 1987-1988.

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(d) Add the amounts determined in subdivisions (a) through (c) OF THIS PARAGRAPH.

(e) If the amount of title VIII of the elementary and secondary education act of 1965 assistance as provided in subsection K of this section is less than the sum determined in subdivision (d) of this paragraph, the district is eligible to use the provisions of this subsection.

2. For budget years after 1988-1989, use the provisions of paragraph 1 of this subsection, but increase each dollar amount by the growth rate for that year as prescribed by law, subject to appropriation and use the number of children reported in the appropriate category for the current fiscal year.

3. If the district is eligible to use the provisions of this subsection, subtract the amount of title VIII of the elementary and secondary education act of 1965 assistance determined in subsection K of this section from the sum determined in paragraph 1, subdivision (d) of this subsection. The difference is the increase in the amount that may be included in determining the general budget limit as provided in subsection K of this section, if including this amount does not increase the district's primary tax rate for the budget year. If the amount of title VIII of the elementary and secondary education act of 1965 assistance determined in subsection K of this section is adjusted for the current year, the increase determined in this paragraph shall be recomputed using the adjusted amount and the recomputed increase shall be reported to the department of education by May 15 on a form prescribed by the department of education.

4. If a district uses the provisions of this subsection, the district is not required to adjust its budget for the current year based on adjustments in the estimated amount of title VIII of the elementary and secondary education act of 1965 assistance as provided in subsection K of this section.

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P. A school district, except for an accommodation school, ~~which~~ THAT applies for title VIII of the elementary and secondary education act of 1965 assistance during the current year may budget an amount for title VIII of the elementary and secondary education act of 1965 administrative costs for the budget year. The amount budgeted for title VIII of the elementary and secondary education act of 1965 administrative costs is exempt from the revenue control limit and may not exceed an amount determined for the budgeted year as follows:

1. Determine the minimum cost. The minimum cost for fiscal year 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year 1991-1992 and thereafter, the minimum cost is the minimum cost for

the prior year increased by the growth rate as prescribed by law, subject to appropriation.

2. Determine the hourly rate. The hourly rate for fiscal year 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and thereafter, the hourly rate is the hourly rate for the prior year increased by the growth rate as prescribed by law, subject to appropriation.

3. Determine the title VIII of the elementary and secondary education act of 1965 revenues available by subtracting the amount of title VIII of the elementary and secondary education act of 1965 assistance used to increase the general budget limit as provided in subsections K and O of this section for the current fiscal year from the total amount of title VIII of the elementary and secondary education act of 1965 revenues received in the current fiscal year.

4. Determine the total number of administrative hours as follows:

(a) Determine the sum of the following:

(i) 1.00 hours for each high impact pupil who is not disabled or does not have specific learning disabilities.

(ii) 1.25 hours for each high impact pupil who is disabled or has specific learning disabilities.

(iii) 0.25 hours for each low impact pupil who is not disabled or does not have specific learning disabilities.

(iv) 0.31 hours for each low impact pupil who is disabled or has specific learning disabilities.

(b) For the purposes of this paragraph:

(i) "High impact pupil" means a pupil who resides on Indian lands or a pupil who resides on federal property or in low rent housing and whose parent is employed on federal property or low rent housing property or is on active duty in uniformed service, as provided in title VIII of the elementary and secondary education act of 1965, section 8003(a) (20 United States Code section 7703) and as reported in the application for title VIII of the elementary and secondary education act of 1965 assistance in the current year.

(ii) "Low impact pupil" means a pupil who resides on nonfederal property and has a parent who is employed on federal property or low rent housing property or is on active duty in a uniformed service or a pupil who resides on federal property or in low rent housing and who does not have a parent who is employed on federal property or low rent housing property or is on active duty in uniformed service, as provided in title VIII of the elementary and secondary education act of 1965, section 8003(a) (20 United States Code section 7703) and as reported in the application for title VIII of the elementary and secondary education act of 1965 assistance in the current year.

5. Multiply the total number of administrative hours determined in paragraph 4 of this subsection by the hourly rate determined in paragraph 2 of this subsection.

6. Determine the greater of the minimum cost determined in paragraph 1 of this subsection or the product determined in paragraph 5 of this subsection.

7. Add to the amount determined in paragraph 6 of this subsection the amount, if any, to be expended by the school district in the budget year through an intergovernmental agreement with other school districts or the department of education to provide title VIII of the elementary and secondary education act of 1965 technical assistance to participating districts.

8. Determine the lesser of the amount determined in paragraph 7 of this subsection or the revenues available as determined in paragraph 3 of this subsection.

9. The amount determined in paragraph 8 of this subsection is the maximum amount ~~which~~ THAT may be budgeted for title VIII of the elementary and secondary education act of 1965 administrative costs for the budget year as provided in this subsection.

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10. If the governing board underestimated the amount that may be budgeted for title VIII of the elementary and secondary education act of 1965, section 8007 administrative costs for the current year, the board may adjust the general budget limit and the budget before May 15. If the governing board overestimated the amount that may be budgeted for title VIII of the elementary and secondary education act of 1965 administrative costs for the current year, the board shall adjust the general budget limit and the budget before May 15.

Q. If a school district governing board has adopted a budget for a fiscal year based on forms and instructions provided by the auditor general and the department of education for that fiscal year and if, as a result of the enactment or nonenactment of proposed legislation after May 1 of the previous fiscal year, the budget is based on incorrect limits, does not include items authorized by law or does not otherwise conform with law, the governing board may revise its budget at a public hearing on or before September 15 to conform with the law. Not later than September 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction. If the governing board does not revise the budget on or before September 15 and if the budget includes any items not authorized by law or if the budget exceeds any limits, the governing board shall adjust or revise the budget as provided in subsection E of this section.

R. Notwithstanding any other law, if a school district receives assistance pursuant to title VIII of the elementary and secondary education act of 1965, the school district shall establish a local level fund designated as the impact aid fund and deposit the impact aid monies received in the fund. The school district shall separately account for monies in the fund and shall not combine monies in the fund with any other source of local, state or federal assistance. Monies in the fund shall be expended pursuant to federal law only for the purposes allowed by this title. The school district shall account for monies in the fund according to the uniform system of financial records as prescribed by the auditor general. The superintendent of public instruction shall separately account for monies in each school district's impact aid fund, if an impact aid fund is established, in the annual report required by section 15-255. Monies in the fund are considered federal monies and are not subject to legislative appropriation.

S. For the purposes of this section, "title VIII of the elementary and secondary education act of 1965 assistance" means, for the current year, an amount equal to the final determination of title VIII of the elementary and secondary education act of 1965 assistance for the fiscal year preceding the current year as confirmed by the division of impact aid, United States department of education or, if a final determination has not been made, the amount estimated by the superintendent of public instruction as confirmed by the division of impact aid, United States department of education and, for the budget year, an amount equal to the determination of title VIII of the elementary and secondary education act of 1965 assistance for the fiscal year preceding the budget year as estimated by the superintendent of public instruction.

EXPLANATION OF BLEND
SECTION 15-945

Laws 2013, First Special Session, Chapter 3
Laws 2013, First Regular Session, Chapter 251

Laws 2013, First Special Session, Ch. 3, section 23	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 251, section 16	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 3 and Laws 2013, First Regular Session, Ch. 251 text changes to section 15-945 are blended in the form shown on the following pages.

BLEND OF SECTION 15-945
Laws 2013, First Special Session, Chapter 3 and Laws 2013, First Regular Session, Chapter 251

15-945. Transportation support level

A. The support level for to and from school for each school district for the current year shall be computed as follows:

1. Determine the approved daily route mileage of the school district for the fiscal year prior to the current year.

2. Multiply the figure obtained in paragraph 1 of this subsection by one hundred eighty, or for a school district that elects to provide two hundred days of instruction pursuant to section 15-902.04, multiply the figure obtained in paragraph 1 of this subsection by two hundred.

3. Determine the number of eligible students transported in the fiscal year prior to the current year.

4. Divide the amount determined in paragraph 1 of this subsection by the amount determined in paragraph 3 of this subsection to determine the approved daily route mileage per eligible student transported.

5. Determine the classification in column 1 of this paragraph for the quotient determined in paragraph 4 of this subsection. Multiply the product obtained in paragraph 2 of this subsection by the corresponding state support level for each route mile as provided in column 2 of this paragraph.

Column 1 Approved Daily Route Mileage per Eligible Student Transported	Column 2 State Support Level per Route Mile for Fiscal Year ~~2012-2013~~ 2013-2014
0.5 or less	~~2.42~~ 2.46
More than 0.5 through 1.0	~~1.97~~ 2.01
More than 1.0	~~2.42~~ 2.46

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6. Add the amount spent during the prior fiscal year for bus tokens and bus passes for students who qualify as eligible students as defined in section 15-901.

B. The support level for academic education, career and technical education, vocational education and athletic trips for each school district for the current year is computed as follows:

1. Determine the classification in column 1 of paragraph 2 of this subsection for the quotient determined in subsection A, paragraph 4 of this section.

2. Multiply the product obtained in subsection A, paragraph 5 of this section by the corresponding state support level for academic education, career and technical education, vocational education and athletic trips as provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for the type of district.

Column 1 Approved Daily Route Mileage per Eligible	Column 2 District Type	Column 3 District Type	Column 4 District Type

Student Transported	02 or 03	04	05
0.5 or less	0.15	0.10	0.25
More than 0.5 through 1.0	0.15	0.10	0.25
More than 1.0	0.18	0.12	0.30

For the purposes of this paragraph, "district type 02" means a unified school district or an accommodation school that offers instruction in grades nine through twelve, "district type 03" means a common school district not within a high school district, "district type 04" means a common school district within a high school district or an accommodation school that does not offer instruction in grades nine through twelve and "district type 05" means a high school district.

C. The support level for extended school year services for pupils with disabilities is computed as follows:

1. Determine the sum of the following:

(a) The total number of miles driven by all buses of a school district while transporting eligible pupils with disabilities on scheduled routes from their residence to the school of attendance and from the school of attendance to their residence on routes for extended school year services in accordance with section 15-881.

(b) The total number of miles driven on routes approved by the superintendent of public instruction for which a private party, a political subdivision or a common or a contract carrier is reimbursed for bringing an eligible pupil with a disability from the place of the pupil's residence to a school transportation pickup point or to the school facility of attendance and from the school transportation scheduled return point or from the school facility to the pupil's residence for extended school year services in accordance with section 15-881.

2. Multiply the sum determined in paragraph 1 of this subsection by the state support level for the district determined as provided in subsection A, paragraph 5 of this section.

D. The transportation support level for each school district for the current year is the sum of the support level for to and from school as determined in subsection A of this section, the support level for academic education, career and technical education, vocational education and athletic trips as determined in subsection B of this section and the support level for extended school year services for pupils with disabilities as determined in subsection C of this section.

E. The state support level for each approved route mile, as provided in subsection A, paragraph 5 of this section, shall be adjusted by the growth rate prescribed by law, subject to appropriation.

Ch. 251 F. SCHOOL DISTRICTS MUST PROVIDE THE ODOMETER READING FOR EACH BUS AS OF THE END OF THE CURRENT YEAR AND THE TOTAL BUS MILEAGE DURING THE CURRENT YEAR.

EXPLANATION OF BLEND
SECTION 15-947

Laws 2013, First Special Session, Chapter 3
Laws 2013, First Regular Session, Chapter 251

Laws 2013, First Special Session, Ch. 3, section 24	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 251, section 17	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 3 and Laws 2013, First Regular Session, Ch. 251 text changes to section 15-947 are blended in the form shown on the following pages.

BLEND OF SECTION 15-947

Laws 2013, First Special Session, Chapter 3 and Laws 2013, First Regular Session, Chapter 251

15-947. Revenue control limit; district support level; general budget limit; unrestricted total capital budget limit; district additional assistance limit

A. The revenue control limit for a school district is equal to the sum of the base revenue control limit determined in section 15-944 and the transportation revenue control limit determined in section 15-946.

B. The district support level for a school district is equal to the sum of the base support level determined in section 15-943 and the transportation support level determined in section 15-945.

C. The general budget limit for each school district, for each fiscal year, is the sum of the following:

1. The maintenance and operations portion of the revenue control limit for the budget year.

2. The maintenance and operation portion of the following amounts:

(a) Amounts that are fully funded by revenues other than a levy of taxes upon the taxable property within the school district, as listed below:

(i) Amounts budgeted as the budget balance carryforward as provided in section 15-943.01.

(ii) Tuition revenues for attendance of nonresident pupils.

(iii) State assistance as provided in section 15-976.

(iv) Special education revenues as provided in section 15-825, subsection D and section 15-1204.

(v) Title VIII of the elementary and secondary education act of 1965 assistance determined for children with disabilities, children with specific learning disabilities, children residing on Indian lands and children residing within the boundaries of an accommodation school that is located on a military reservation and that is classified as a heavily impacted local educational agency pursuant to 20 United States Code section 7703 as provided in section 15-905, subsections K and O.

(vi) Title VIII of the elementary and secondary education act of 1965 administrative costs as provided in section 15-905, subsection P.

(vii) State assistance for excess tuition as provided in section 15-825.01.

~~(viii) Amounts received from the state board of education pursuant to section 15-973.01.~~

~~(ix)~~ (viii) Transportation revenues for attendance of nonresident pupils.

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(b) Amounts approved pursuant to an override election as provided in section 15-481 for the applicable fiscal year.

~~(c) Expenditures for excess utility costs as provided in section 15-910.~~

~~(d)~~ (c) Amounts authorized by the county school superintendent pursuant to section 15-974, subsection B.

~~(e)~~ (d) Expenditures for complying with a court order of desegregation as provided in section 15-910.

~~(f)~~ (e) Expenditures for the bond issues portion of the cost of tuition as provided in section 15-910.

~~(g)~~ (f) Interest on registered warrants or tax anticipation notes as provided in section 15-910.

~~(h)~~ (g) Amounts budgeted for a jointly owned and operated career and technical education and vocational education center as provided in section 15-910.01.

3. The maintenance and operations portion of ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE for the budget year.

4. Any other budget item that is budgeted in the maintenance and operation section of the budget and that is specifically exempt from the revenue control limit or ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE.

D. The unrestricted capital budget limit, for each school district for each fiscal year, is the sum of the following:

1. The federal impact adjustment as determined in section 15-964 for the budget year.

2. Any other budget item that is budgeted in the capital outlay section of the budget and that is specifically exempt from ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE.

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3. The unrestricted capital portion of the amounts contained in subsection C of this section.

4. The unexpended budget balance in the unrestricted capital outlay fund from the previous fiscal year.

5. The net interest earned in the unrestricted capital outlay fund the previous fiscal year.

~~6. The budgeted amount as approved and determined pursuant to section 15-962, subsection F.~~

~~E. The soft capital allocation limit for each school district for each fiscal year is the sum of the following:~~

~~1. The soft capital allocation for the budget year.~~

~~2. The unexpended budget balance in the soft capital allocation fund from the previous fiscal year.~~

~~3. The net interest earned in the soft capital allocation fund the previous fiscal year.~~

EXPLANATION OF BLEND
SECTION 15-974

Laws 2013, First Special Session, Chapter 3
Laws 2013, First Regular Session, Chapter 251

Laws 2013, First Special Session, Ch. 3, section 33	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 251, section 19	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 3 and Laws 2013, First Regular Session, Ch. 251 text changes to section 15-974 are blended in the form shown on the following page.

BLEND OF SECTION 15-974
Laws 2013, First Special Session, Chapter 3 and Laws 2013, First Regular Session, Chapter 251

15-974. Equalization assistance for education for accommodation schools

A. Equalization assistance for education for accommodation schools shall be paid from appropriations for that purpose to the school districts as provided in section 15-973.

B. When an accommodation school has a positive total cash balance at the end of a fiscal year in its maintenance and operation fund, the county school superintendent of the county in which the accommodation school is located may authorize an addition to the accommodation school's revenue control limit as provided in section 15-947, subsection A for the following fiscal year. The county school superintendent may not authorize an addition that exceeds the lesser of the ending cash balance less the amount budgeted for the budget balance carryforward as provided in section 15-943.01 or ten per cent of the revenue control limit of the accommodation school and five per cent of the revenue control limit pursuant to section 15-482, without the necessity of an election pursuant to section 15-481. If an accommodation school has a cash balance in excess of the amount needed to fund the budget balance carryforward, the addition authorized pursuant to this subsection and the items listed in section 15-947, subsection C, paragraph 2, ~~subdivisions (c) and (f)~~ SUBDIVISION (e) for the following fiscal year, the remaining cash balance may be used for capital expenditures ~~pursuant to section 15-962, subsection F~~.

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C. Subsection B of this section shall not apply to an accommodation school with a student count of one hundred twenty-five or less in kindergarten programs and grades one through eight or to an accommodation school which offers instruction in grades nine, ten, eleven or twelve and which has a student count of one hundred or less in grades nine through twelve.

EXPLANATION OF BLEND
SECTION 15-2402

Laws 2013, Chapters 175 and 250

Laws 2013, Ch. 175, section 1	Effective September 13, 2013
Laws 2013, Ch. 250, section 2	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 175 and Ch. 250 text changes to section 15-2402 are blended in the form shown on the following pages.

BLEND OF SECTION 15-2402
Laws 2013, Chapters 175 and 250

15-2402. Arizona empowerment scholarship accounts; funds

A. Arizona empowerment scholarship accounts are established to provide options for the education of students in this state.

B. To enroll a qualified student for an empowerment scholarship account, the parent of the qualified student must sign an agreement to do all of the following:

1. Provide an education for the qualified student in at least the subjects of reading, grammar, mathematics, social studies and science.

2. Not enroll the qualified student in a school district or charter school and release the school district from all obligations to educate the qualified student. This paragraph does not relieve the school district or charter school that the qualified student previously attended from the obligation to conduct an evaluation pursuant to section 15-766.

3. Not accept a scholarship from a school tuition organization pursuant to title 43 concurrently with an empowerment scholarship account for the qualified student in the same year a parent signs the agreement pursuant to this section.

4. Use the money deposited in the qualified student's Arizona empowerment scholarship account only for the following expenses of the qualified student:

(a) Tuition or fees at a qualified school.

(b) Textbooks required by a qualified school.

(c) Educational therapies or services for the qualified student from a licensed or accredited practitioner or provider, including licensed or accredited paraprofessionals or educational aides.

(d) Tutoring services provided by a tutor accredited by a state, regional or national accrediting organization.

(e) Curriculum.

(f) Tuition or fees for a nonpublic online learning program.

(g) Fees for a nationally standardized norm-referenced achievement test, advanced placement examinations or any exams related to college or university admission.

(h) Contributions to a ~~qualified tuition program~~ COVERDELL EDUCATION SAVINGS ACCOUNT established pursuant to 26 United States Code section ~~529~~ 530 for the benefit of the qualified student, EXCEPT THAT MONEY USED FOR ELEMENTARY OR SECONDARY EDUCATION EXPENSES MUST BE FOR EXPENSES OTHERWISE ALLOWED UNDER THIS SECTION.

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(i) Tuition or fees at an eligible postsecondary institution.

(j) Textbooks required by an eligible postsecondary institution.

(k) Fees for management of the empowerment scholarship account by firms selected by the treasurer.

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(l) Services provided by a public school, including individual classes and extracurricular programs.

(m) INSURANCE OR SURETY BOND PAYMENTS AS REQUIRED BY THE DEPARTMENT OF EDUCATION.

5. Not file an affidavit of intent to homeschool pursuant to section 15-802, subsection B, paragraph 2 or 3.

6. Not use monies deposited in the qualified student's account for any of the following:

(a) Computer hardware or other technological devices.

(b) Transportation of the pupil.

(c) Consumable educational supplies, including paper, pens or markers.

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C. In exchange for the parent's agreement pursuant to subsection B of this section, the department shall transfer from the monies that would otherwise be allocated to a recipient's prior school district, OR IF THE CHILD IS CURRENTLY ELIGIBLE TO ATTEND KINDERGARTEN, THE MONIES THAT THE DEPARTMENT DETERMINES WOULD OTHERWISE BE ALLOCATED TO A RECIPIENT'S EXPECTED SCHOOL DISTRICT OF ATTENDANCE, to the treasurer for deposit into an Arizona empowerment scholarship account an amount that is equivalent to ninety per cent of THE SUM OF the base support level AND ADDITIONAL ASSISTANCE prescribed in ~~section 15-943~~ SECTIONS 15-185 AND 15-943 for that particular student IF THAT STUDENT WERE ATTENDING A CHARTER SCHOOL. The department may retain up to five per cent of THE SUM OF the base support level AND ADDITIONAL ASSISTANCE prescribed in ~~section 15-943~~ SECTIONS 15-185 AND 15-943 for each student with an empowerment scholarship account for deposit in the department of education empowerment scholarship account fund established in subsection D of this section, out of which the department shall transfer one per cent of THE SUM OF the base support level AND ADDITIONAL ASSISTANCE prescribed in ~~section 15-943~~ SECTIONS 15-185 AND 15-943 for each student with an empowerment scholarship account to the state treasurer for deposit in the state treasurer empowerment scholarship account fund established in subsection E of this section.

D. The department of education empowerment scholarship account fund is established consisting of monies retained by the department pursuant to subsection C of this section. The department shall administer the fund. Monies in the fund are subject to legislative appropriation. Monies in the fund shall be used for the department's costs in administering empowerment scholarship accounts under this chapter. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations. If the number of empowerment scholarship accounts significantly increases after fiscal year 2012-2013, the department may request an increase in the amount appropriated to the fund in any subsequent fiscal year in the budget estimate submitted pursuant to section 35-113.

E. The state treasurer empowerment scholarship account fund is established consisting of monies transferred by the department to the state treasurer pursuant to subsection C of this section. The state treasurer shall administer the fund. Monies in the fund shall be used for the state treasurer's costs in administering the empowerment scholarship accounts under this chapter. If the number of empowerment scholarship accounts significantly increases after fiscal year 2013-2014, the state treasurer may request an increase in the amount appropriated to the fund in any subsequent

fiscal year in the budget estimate submitted pursuant to section 35-113. Monies in the fund are subject to legislative appropriation. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

F. A parent must renew the qualified student's empowerment scholarship account on an annual basis. Notwithstanding any changes to the student's multidisciplinary evaluation team plan, a student who has previously qualified for an empowerment scholarship account shall remain eligible to apply for renewal until the student finishes high school.

G. A signed agreement under this section constitutes school attendance required by section 15-802.

H. A qualified school or a provider of services purchased pursuant to subsection B, paragraph 4 of this section may not share, refund or rebate any Arizona empowerment scholarship account monies with the parent or qualified student in any manner.

I. On the qualified student's graduation from a postsecondary institution or after any period of four consecutive years after high school graduation in which the student is not enrolled in an eligible postsecondary institution, the qualified student's Arizona empowerment scholarship account shall be closed and any remaining funds shall be returned to the state.

J. Monies received pursuant to this article do not constitute taxable income to the parent of the qualified student.

EXPLANATION OF BLEND
SECTION 16-901

Laws 2013, Chapters 98 and 254

Laws 2013, Ch. 98, section 1	Effective September 13, 2013
Laws 2013, Ch. 254, section 6	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 98 and Ch. 254 text changes to section 16-901 are blended in the form shown on the following pages.

BLEND OF SECTION 16-901
Laws 2013, Chapters 98 and 254

16-901. Definitions

In this chapter, unless the context otherwise requires:

1. "Agent" means, with respect to any person other than a candidate, any person who has oral or written authority, either express or implied, to make or authorize the making of expenditures as defined in this section on behalf of a candidate, any person who has been authorized by the treasurer of a political committee to make or authorize the making of expenditures or a political consultant for a candidate or political committee.

2. "Candidate" means an individual who receives or gives consent for receipt of a contribution for his nomination for or election to any office in this state other than a federal office.

3. "Candidate's campaign committee" means a political committee designated and authorized by a candidate.

4. "Clearly identified candidate" means that the name, a photograph or a drawing of the candidate appears or the identity of the candidate is otherwise apparent by unambiguous reference.

5. "Contribution" means any gift, subscription, loan, advance or deposit of money or anything of value made for the purpose of influencing an election including supporting or opposing the recall of a public officer or supporting or opposing the circulation of a petition for a ballot measure, question or proposition or the recall of a public officer and:

(a) Includes all of the following:

(i) A contribution made to retire campaign debt.

(ii) Money or the fair market value of anything directly or indirectly given or loaned to an elected official for the purpose of defraying the expense of communications with constituents, regardless of whether the elected official has declared his candidacy.

(iii) The entire amount paid to a political committee to attend a fund-raising or other political event and the entire amount paid to a political committee as the purchase price for a fund-raising meal or item, except that no contribution results if the actual cost of the meal or fund-raising item, based on the amount charged to the committee by the vendor, constitutes the entire amount paid by the purchaser for the meal or item, the meal or item is for the purchaser's personal use and not for resale and the actual cost is the entire amount paid by the purchaser in connection with the event. This exception does not apply to auction items.

(iv) Unless specifically exempted, the provision of goods or services without charge or at a charge that is less than the usual and normal charge for such goods and services. THE ACQUISITION OR USE OF CAMPAIGN ASSETS BY A COMMITTEE THAT ARE PAID FOR WITH THE CANDIDATE'S PERSONAL MONIES, INCLUDING CAMPAIGN SIGNS AND OTHER SIMILAR PROMOTIONAL MATERIALS, IS A CONTRIBUTION AND IS REPORTABLE BY THE CANDIDATE'S CAMPAIGN COMMITTEE AS A CONTRIBUTION TO THE CAMPAIGN.

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(b) Does not include any of the following:

(i) The value of services provided without compensation by any individual who volunteers on behalf of a candidate, a candidate's campaign committee or any other political committee.

(ii) Money or the value of anything directly or indirectly provided to defray the expense of an elected official meeting with constituents if the elected official is engaged in the performance of the duties of his office or provided by the state or a political subdivision to an elected official for communication with constituents if the elected official is engaged in the performance of the duties of his office.

(iii) The use of real or personal property, including a church or community room used on a regular basis by members of a community for noncommercial purposes, that is obtained by an individual in the course of volunteering personal services to any candidate, candidate's committee or political party, and the cost of invitations, food and beverages voluntarily provided by an individual to any candidate, candidate's campaign committee or political party in rendering voluntary personal services on the individual's residential premises or in the church or community room for candidate-related or political party-related activities, to the extent that the cumulative value of the invitations, food and beverages provided by the individual on behalf of any single candidate does not exceed one hundred dollars with respect to any single election.

(iv) Any unreimbursed payment for personal travel expenses made by an individual who on his own behalf volunteers his personal services to a candidate.

(v) The payment by a political party for party operating expenses, party staff and personnel, party newsletters and reports, voter registration and efforts to increase voter turnout, party organization building and maintenance and printing and postage expenses for slate cards, sample ballots, other written materials that substantially promote three or more nominees of the party for public office and other election activities not related to a specific candidate, except that this item does not apply to costs incurred with respect to a display of the listing of candidates made on telecommunications systems or in newspapers, magazines or similar types of general circulation advertising.

(vi) Independent expenditures.

(vii) Monies loaned by a state bank, a federally chartered depository institution or a depository institution the deposits or accounts of which are insured by the federal deposit insurance corporation or the national credit union administration, other than an overdraft made with respect to a checking or savings account, that is made in accordance with applicable law and in the ordinary course of business. In order for this exemption to apply, this loan shall be deemed a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors, the loan shall be made on a basis that assures repayment, evidenced by a written instrument, shall be subject to a due date or amortization schedule and shall bear the usual and customary interest rate of the lending institution.

(viii) A gift, subscription, loan, advance or deposit of money or anything of value to a national or a state committee of a political party

specifically designated to defray any cost for the construction or purchase of an office facility not acquired for the purpose of influencing the election of a candidate in any particular election.

(ix) Legal or accounting services rendered to or on behalf of a political committee or a candidate, if the only person paying for the services is the regular employer of the individual rendering the services and if the services are solely for the purpose of compliance with this title.

(x) The payment by a political party of the costs of campaign materials, including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, used by the party in connection with volunteer activities on behalf of any nominee of the party or the payment by a state or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by the committee if the payments are not for the costs of campaign materials or activities used in connection with any telecommunication, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising.

(xi) Transfers between political committees to distribute monies raised through a joint fund-raising effort in the same proportion to each committee's share of the fund-raising expenses and payments from one political committee to another in reimbursement of a committee's proportionate share of its expenses in connection with a joint fund-raising effort.

(xii) An extension of credit for goods and services made in the ordinary course of the creditor's business if the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation and if the creditor makes a commercially reasonable attempt to collect the debt, except that any extension of credit under this item made for the purpose of influencing an election that remains unsatisfied by the candidate after six months, notwithstanding good faith collection efforts by the creditor, shall be deemed receipt of a contribution by the candidate but not a contribution by the creditor.

(xiii) Interest or dividends earned by a political committee on any bank accounts, deposits or other investments of the political committee.

6. "Earmarked" means a designation, instruction or encumbrance that results in all or any part of a contribution or expenditure being made to, or expended on behalf of, a clearly identified candidate or a candidate's campaign committee.

7. "Election" means any election for any initiative, referendum or other measure or proposition or a primary, general, recall, special or runoff election for any office in this state other than the office of precinct committeeman and other than a federal office. For THE purposes of sections 16-903 and 16-905, the general election ~~includes~~ DOES NOT INCLUDE the primary election.

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8. "Expenditures" includes any purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value made by a person for the purpose of influencing an election in this state including supporting or opposing the recall of a public officer or supporting or opposing the circulation of a petition for a ballot measure, question or proposition or the recall of a public officer and a contract, promise or agreement to make an expenditure resulting in an extension of credit and the value of any

in-kind contribution received. Expenditure does not include any of the following:

(a) A news story, commentary or editorial distributed through the facilities of any telecommunications system, newspaper, magazine or other periodical publication, unless the facilities are owned or controlled by a political committee, political party or candidate.

(b) Nonpartisan activity designed to encourage individuals to vote or to register to vote.

(c) The payment by a political party of the costs of preparation, display, mailing or other distribution incurred by the party with respect to any printed slate card, sample ballot or other printed listing of three or more candidates for any public office for which an election is held, except that this subdivision does not apply to costs incurred by the party with respect to a display of any listing of candidates made on any telecommunications system or in newspapers, magazines or similar types of general public political advertising.

(d) The payment by a political party of the costs of campaign materials, including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, used by the party in connection with volunteer activities on behalf of any nominee of the party or the payment by a state or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by the committee if the payments are not for the costs of campaign materials or activities used in connection with any telecommunications system, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising.

(e) Any deposit or other payment filed with the secretary of state or any other similar officer to pay any portion of the cost of printing an argument in a publicity pamphlet advocating or opposing a ballot measure.

9. "Exploratory committee" means a political committee that is formed for the purpose of determining whether an individual will become a candidate and that receives contributions or makes expenditures of more than five hundred dollars in connection with that purpose.

10. "Family contribution" means any contribution that is provided to a candidate's campaign committee by a parent, grandparent, spouse, child or sibling of the candidate or a parent or spouse of any of those persons.

11. "Filing officer" means the office that is designated by section 16-916 to conduct the duties prescribed by this chapter.

12. "Identification" means:

(a) For an individual, his name and mailing address, his occupation and the name of his employer.

(b) For any other person, including a political committee, the full name and mailing address of the person. For a political committee, identification includes the identification number issued on the filing of a statement of organization pursuant to section 16-902.01.

13. "Incomplete contribution" means any contribution received by a political committee for which the contributor's mailing address, occupation, employer or identification number has not been obtained and is not in the possession of the political committee.

14. "Independent expenditure" means an expenditure by a person or political committee, other than a candidate's campaign committee, that

expressly advocates the election or defeat of a clearly identified candidate, that is made without cooperation or consultation with any candidate or committee or agent of the candidate and that is not made in concert with or at the request or suggestion of a candidate, or any committee or agent of the candidate. Independent expenditure includes an expenditure that is subject to the requirements of section 16-917, which requires a copy of campaign literature or advertisement to be sent to a candidate named or otherwise referred to in the literature or advertisement. An expenditure is not an independent expenditure if any of the following applies:

(a) Any officer, member, employee or agent of the political committee making the expenditure is also an officer, member, employee or agent of the committee of the candidate whose election or whose opponent's defeat is being advocated by the expenditure or an agent of the candidate whose election or whose opponent's defeat is being advocated by the expenditure.

(b) There is any arrangement, coordination or direction with respect to the expenditure between the candidate or the candidate's agent and the person making the expenditure, including any officer, director, employee or agent of that person. FOR THE PURPOSES OF THIS SUBDIVISION, SERVING ON A HOST COMMITTEE FOR A FUND-RAISING EVENT DOES NOT PRESUMPTIVELY DEMONSTRATE ANY ARRANGEMENT, COORDINATION OR DIRECTION.

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(c) In the same election the person making the expenditure, including any officer, director, employee or agent of that person, is or has been:

(i) Authorized to raise or expend monies on behalf of the candidate or the candidate's authorized committees.

(ii) Receiving any form of compensation or reimbursement from the candidate, the candidate's committees or the candidate's agent.

(d) The expenditure is based on information about the candidate's plans, projects or needs, or those of his campaign committee, provided to the expending person by the candidate or by the candidate's agents or any officer, member or employee of the candidate's campaign committee with a view toward having the expenditure made.

15. "In-kind contribution" means a contribution of goods or services or anything of value and not a monetary contribution. THE USE BY A CANDIDATE'S CAMPAIGN COMMITTEE OF A DISTINCTIVE TRADE NAME, TRADEMARK OR TRADE DRESS ITEM, INCLUDING A LOGO, THAT IS OWNED BY A BUSINESS OR OTHER ENTITY THAT IS OWNED BY THAT CANDIDATE OR IN WHICH THE CANDIDATE HAS A CONTROLLING INTEREST IS DEEMED TO BE AN IN-KIND CONTRIBUTION TO THE CANDIDATE'S CAMPAIGN COMMITTEE AND SHALL BE REPORTED AS OTHERWISE PRESCRIBED BY LAW.

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16. "Itemized" means that each contribution received or expenditure made is set forth separately.

17. "Literature or advertisement" means information or materials that are mailed, distributed or placed in some medium of communication for the purpose of influencing the outcome of an election.

18. "Personal monies" means any of the following:

(a) EXCEPT AS PRESCRIBED IN PARAGRAPH 15 OF THIS SECTION, assets to which the candidate has a legal right of access or control at the time he becomes a candidate and with respect to which the candidate has either legal title or an equitable interest.

(b) Salary and other earned income from bona fide employment of the candidate, dividends and proceeds from the sale of the stocks or investments

of the candidate, bequests to the candidate, income to the candidate from trusts established before candidacy, income to the candidate from trusts established by bequest after candidacy of which the candidate is a beneficiary, gifts to the candidate of a personal nature that have been customarily received before the candidacy and proceeds received by the candidate from lotteries and other legal games of chance.

(c) The proceeds of loans obtained by the candidate that are not contributions and for which the collateral or security is covered by subdivision (a) or (b) of this paragraph.

(d) Family contributions.

19. "Political committee" means a candidate or any association or combination of persons that is organized, conducted or combined for the purpose of influencing the result of any election or to determine whether an individual will become a candidate for election in this state or in any county, city, town, district or precinct in this state, that engages in political activity in behalf of or against a candidate for election or retention or in support of or opposition to an initiative, referendum or recall or any other measure or proposition and that applies for a serial number and circulates petitions and, in the case of a candidate for public office except those exempt pursuant to section 16-903, that receives contributions or makes expenditures of more than two hundred fifty dollars in connection therewith, notwithstanding that the association or combination of persons may be part of a larger association, combination of persons or sponsoring organization not primarily organized, conducted or combined for the purpose of influencing the result of any election in this state or in any county, city, town or precinct in this state. Political committee includes the following types of committees:

(a) A candidate's campaign committee.

(b) A separate, segregated fund established by a corporation or labor organization pursuant to section 16-920, subsection A, paragraph 3.

(c) A committee acting in support of or opposition to the qualification, passage or defeat of a ballot measure, question or proposition.

(d) A committee organized to circulate or oppose a recall petition or to influence the result of a recall election.

(e) A political party.

(f) A committee organized for the purpose of making independent expenditures.

(g) A committee organized in support of or opposition to one or more candidates.

(h) A political organization.

(i) An exploratory committee.

20. "Political organization" means an organization that is formally affiliated with and recognized by a political party including a district committee organized pursuant to section 16-823.

21. "Political party" means the state committee as prescribed by section 16-825 or the county committee as prescribed by section 16-821 of an organization that meets the requirements for recognition as a political party pursuant to section 16-801 or section 16-804, subsection A.

22. "Sponsoring organization" means any organization that establishes, administers or contributes financial support to the administration of, or that has common or overlapping membership or officers with, a political committee other than a candidate's campaign committee.

23. "Standing political committee" means a political committee that satisfies all of the following:

(a) Is active in more than one reporting jurisdiction in this state for more than one year.

(b) Files a statement of organization as prescribed by section 16-902.01, subsection E.

(c) Is any of the following as defined by paragraph 19 of this section:

(i) A separate, segregated fund.

(ii) A political party.

(iii) A committee organized for the purpose of making independent expenditures.

(iv) A political organization.

24. "Statewide office" means the office of governor, secretary of state, state treasurer, attorney general, superintendent of public instruction, corporation commissioner or mine inspector.

25. "Surplus monies" means those monies of a political committee remaining after all of the committee's expenditures have been made and its debts have been extinguished.

EXPLANATION OF BLEND
SECTION 16-905

Laws 2013, Chapters 98 and 254

Laws 2013, Ch. 98, section 2	Effective September 13, 2013
Laws 2013, Ch. 254, section 7	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 98 and Ch. 254 text changes to section 16-905 are blended in the form shown on the following pages.

BLEND OF SECTION 16-905
Laws 2013, Chapters 98 and 254

16-905. Contribution limitations; civil penalty; complaint

A. For an election other than for a statewide office, a contributor shall not give and an exploratory committee, a candidate or a candidate's campaign committee shall not accept contributions of more than:

1. For an election for a legislative office, ~~four hundred eighty-eight~~ TWO THOUSAND FIVE HUNDRED dollars from an individual.

2. For an election other than for a legislative office, ~~three hundred ninety~~ TWO THOUSAND FIVE HUNDRED dollars from an individual.

3. For an election for a legislative office, ~~four hundred eighty-eight~~ TWO THOUSAND FIVE HUNDRED dollars from a single political committee, excluding a political party, not certified under subsection G of this section to make contributions at the higher limits prescribed by paragraph 5 of this subsection and subsection B, paragraph 3 of this section.

4. For an election other than for a legislative office, ~~three hundred ninety~~ TWO THOUSAND FIVE HUNDRED dollars from a single political committee, excluding a political party, not certified under subsection G of this section to make contributions at the higher limits prescribed by subsection B, paragraph 3 of this section.

5. ~~Two~~ FIVE thousand dollars from a single political committee, excluding a political party, certified pursuant to subsection G of this section.

B. For an election for a statewide office, a contributor shall not give and an exploratory committee, a candidate or a candidate's committee shall not accept contributions of more than:

1. ~~One~~ TWO thousand ~~ten~~ FIVE HUNDRED dollars from an individual.

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2. ~~One~~ TWO thousand ~~ten~~ FIVE HUNDRED dollars from a single political committee, excluding a political party, not certified under subsection G of this section to make contributions at the higher limits prescribed by subsection A, paragraph 5 of this section and paragraph 3 of this subsection.

3. Five thousand ten dollars from a single political committee excluding political parties certified pursuant to subsection G of this section.

C. A candidate ~~shall not~~ MAY accept contributions from ~~all~~ political committees, excluding political parties, ~~combined totaling more than:~~

~~1. For an election for a legislative office, sixteen thousand one hundred fifty dollars.~~

~~2. For an office other than a legislative office or a statewide office, ten thousand twenty dollars.~~

~~3. For a statewide office, one hundred thousand one hundred ten dollars~~ AS OTHERWISE PRESCRIBED IN THIS SECTION AND A CANDIDATE IS NOT RESTRICTED AS TO THE AGGREGATE TOTAL THAT A CANDIDATE MAY LAWFULLY RECEIVE FROM ALL POLITICAL COMMITTEES, EXCLUDING POLITICAL PARTIES.

D. A nominee of a political party shall not accept contributions from all political parties or political organizations combined totaling more than ten thousand twenty dollars for an election for an office other than a statewide office, and one hundred thousand one hundred ten dollars for an election for a statewide office.

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E. An individual ~~shall not~~ MAY make contributions ~~totaling more than five thousand six hundred ten dollars in a calendar year to state and local candidates and political committees contributing to state or local candidates. Contributions to political parties and contributions to independent expenditure committees are exempt from the limitations of this subsection~~ AS OTHERWISE PRESCRIBED BY THIS SECTION, AND AN INDIVIDUAL IS NOT RESTRICTED AS TO THE AGGREGATE TOTAL THAT AN INDIVIDUAL MAY GIVE.

F. A candidate's campaign committee or an individual's exploratory committee shall not make a loan and shall not transfer or contribute money to any other campaign or exploratory committee that is designated pursuant to this chapter or 2 United States Code section 431 except as follows:

1. An exploratory committee may transfer monies to a subsequent candidate's campaign committee of the individual designating the exploratory committee, subject to the limits of subsection B of this section.

2. A candidate's campaign committee may transfer or contribute monies to another campaign committee designated by the same candidate as follows:

(a) Subject to the contribution limits of this section, transfer or contribute monies from one committee to another if both committees have been designated for an election in the same year.

(b) Without application of the contribution limits of this section, transfer or contribute monies from one committee to another designated for an election in a subsequent year.

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G. Only political committees that received monies from five hundred or more individuals in amounts of ten dollars or more in the ~~one~~ TWO year period immediately before application to the secretary of state for qualification as a political committee pursuant to this section may make contributions to candidates under subsection A, paragraph 5 of this section and subsection B, paragraph 3 of this section. The secretary of state shall obtain information necessary to make the determination that a committee meets the requirements of this subsection and shall provide written certification of the fact to the committee. A political committee certification is valid for ~~two~~ FOUR years. A candidate's campaign committee shall not accept a contribution pursuant to this subsection unless it is accompanied by a copy of the certification. All political committees that do not meet the requirements of this subsection are subject to the individual campaign contribution limits of subsection A, paragraphs 1 and 2 of this section and subsection B, paragraph 1 of this section.

H. The secretary of state biennially shall adjust to the nearest ten dollars the amounts in subsections A through E of this section by the percentage change in the consumer price index and publish the new amounts for distribution to election officials, candidates and campaign committees. For the purposes of this subsection, "consumer price index" means the consumer price index for all urban consumers, United States city average, that is published by the United States department of labor, bureau of labor statistics.

I. The following specific limitations and procedures apply:

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1. The limits of subsections A through E of this section apply to each election for any office or offices ~~which~~ THAT the candidate seeks.

Ch. 98 2. The limits of subsections A~~,~~ AND B ~~and C~~ of this section apply to the total contributions from all separate segregated funds established, as provided in section 16-920, by a corporation, labor organization, trade association, cooperative or corporation without capital stock.

3. A contribution by an unemancipated minor child shall be treated as a contribution by the child's custodial parent or parents for determining compliance with subsection A, paragraphs 1 and 2, subsection B, paragraph 1 and subsection E of this section.

4. A contribution by an individual or a single political committee to two or more candidates in connection with a joint fund-raising effort shall be divided among the candidates in direct proportion to each candidate campaign committee's share of the expenses for the fund-raising effort.

5. A candidate shall sign and file with the candidate's nomination paper a statement that the candidate has read all applicable laws relating to campaign financing and reporting.

6. An individual or political committee shall not use economic influence to induce members of an organization to make contributions to a candidate, collect contributions from members of an organization for transmittal to a candidate, make payments to candidates for public appearances or services ~~which~~ THAT are ordinarily uncompensated or use any similar device to circumvent any of the limitations of this section.

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J. A person who violates this section is subject to a civil penalty imposed as prescribed in section 16-924 of three times the amount of money that has been received, expended or promised in violation of this section or three times the value in money for an equivalent of money or other things of value that have been received, expended or promised in violation of this section.

K. Any qualified elector may file a sworn complaint with the attorney general or the county attorney of the county in which a violation of this section is believed to have occurred, and the attorney general or the county attorney shall investigate the complaint for possible action.

L. If the filing officer, attorney general or county attorney fails to institute an action within forty-five working days after receiving a complaint under subsection K of this section, the individual filing the complaint may bring a civil action in the individual's own name and at the individual's own expense, with the same effect as if brought by the filing officer, attorney general or county attorney. The individual shall execute a bond payable to the defendant if the individual fails to prosecute the action successfully. The court shall award to the prevailing party costs and reasonable attorney fees.

M. If a provision of this section or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the section ~~which~~ THAT can be given effect without the invalid provision or application, and to this end the provisions of this section are severable.

Chs. 98 and 254

N. The use of a candidate's personal monies, or the use of personal monies by an individual who designates an exploratory committee, is not subject to the limitations of this section.

EXPLANATION OF BLEND
SECTION 20-2901

Laws 2013, Chapters 35 and 160

Laws 2013, Ch. 35, section 20	Effective September 13, 2013
Laws 2013, Ch. 160, section 1	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 35 and Ch. 160 text changes to section 20-2901 are blended in the form shown on the following pages.

BLEND OF SECTION 20-2901
Laws 2013, Chapters 35 and 160

20-2901. Definitions

In this article, unless the context otherwise requires:

1. "Applicant" means a provider organization that submits an application to the contractor to provide continuing education courses.

2. "Approved continuing education course" means any course that has been approved by at least five other states or that is approved by a contractor or automatically approved pursuant to section 20-2904.

3. "Approved provider" means an organization or individual that offers an approved continuing education course and that is authorized by the contractor to offer the course to a licensee for credit toward the licensee's continuing education requirements.

4. "Continuing education review committee" means the committee appointed by the director pursuant to section 20-2905 to establish minimum standards that apply to approved providers and approved continuing education courses and minimum performance standards that apply to contractors.

5. "CONTINUOUSLY LICENSED" MEANS THAT A LICENSEE'S LICENSE HAS NOT TERMINATED FOR ANY REASON. CONTINUOUSLY LICENSED DOES NOT INCLUDE AN EXPIRED LICENSE UNDER SECTION 20-289, SUBSECTION E IF THE LATE FEE IS TIMELY PAID AND THE LICENSE IS RENEWED OR THE LICENSE IS PLACED ON INACTIVE STATUS PURSUANT TO SECTION 20-289.01.

~~5.~~ 6. "Contractor" means the person who has a contract with the department of insurance to approve continuing education providers and courses and to administer the continuing education program and who is paid through fees collected from approved providers when the approved providers apply for continuing education course approval.

~~6.~~ 7. "Credit hour" means the value assigned to an hour of instruction in an approved continuing education course.

Ch. 160 — 8. "ETHICS TRAINING" MEANS CONTINUING EDUCATION COURSE CONTENT REGARDING THE ETHICAL RESPONSIBILITIES INSURANCE PRODUCERS OWE TO INSURERS, APPLICANTS, POLICYHOLDERS, REGULATORS, INSURANCE PROFESSIONALS AND THE PUBLIC.

~~7.~~ 9. "License period" means the period between the date an Arizona insurance license is issued or last renewed and the expiration date of the Arizona insurance license.

~~8.~~ 10. "Licensee" means an INDIVIDUAL insurance producer~~, including a surplus lines broker, [or a managing general agent as defined in chapter 2, article 3.1 of this title] who at any time during the license period holds a current nonresident license to transact insurance in another state~~ LICENSED FOR MAJOR LINE INSURANCE AS DEFINED IN SECTION 20-281. Licensee does not include any ~~firm, corporation or other similar~~ BUSINESS entity ~~or an adjuster as defined in section 20-321~~. Chs. 35 and 160

Ch. 160

~~9.~~ 11. "Nonresident ~~applicant~~ LICENSEE" means ~~an insurance producer or a managing general agent or service representative who holds a resident license in another state and a nonresident license in this state and~~ A LICENSEE who is applying ~~for the renewal of~~ TO RENEW a nonresident license in this state.

Chs. 35 and 160

~~10.~~ 12. "Provider organization" means a person that provides continuing education courses but THAT has not yet been accepted as an approved provider pursuant to section 20-2904.

EXPLANATION OF BLEND
SECTION 22-117

Laws 2013, First Special Session, Chapter 5
Laws 2013, First Regular Session, Chapter 212

Laws 2013, First Special Session, Ch. 5, section 3	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 212, section 6	Effective January 1, 2014

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 5 and Laws 2013, First Regular Session, Ch. 212 text changes to section 22-117 are blended effective from and after December 31, 2013 in the form shown on the following page. However, both the blend version and the Ch. 5 version of section 22-117 will be published since the Ch. 5 version becomes effective before the Ch. 212 version. The publisher will automatically delete the Ch. 5 version on publication of the appropriate pocket part.

BLEND OF SECTION 22-117
Laws 2013, First Special Session, Chapter 5 and Laws 2013, First Regular Session, Chapter 212

22-117. Payment of compensation and expenses

A. Justices of the peace shall be allowed by the board of supervisors, as a county charge, ~~office rent, stationery, telephone and lights.~~ THE FOLLOWING:

Ch. 212

1. SPACE.
2. EQUIPMENT.
3. SUPPLIES.

B. In a county with a population of less than one million five hundred thousand persons, the state shall pay 19.25 per cent of the compensation and employee related expenditures of a justice of the peace, and the county shall pay 80.75 per cent of the compensation and employee related expenditures of a justice of the peace, except that the county shall pay the full amount of the employer contribution of the state retirement system or plan or any county health plan.

C. If a county is subject to subsection B of this section, the state treasurer shall remit the compensation and employee related expenditures payable by the state to the county treasurer, and the county shall disburse the funds to the justice of the peace.

D. In a county with a population of one million five hundred thousand persons or more, the county shall pay one hundred per cent of the compensation and employee related expenditures of a justice of the peace.

E. If a county is subject to subsection D of this section, the following apply:

Chs. 5 and 212

1. ~~Beginning in fiscal year 2007-2008,~~ The county's contribution to the hospitalization and medical care of the indigent sick and for the administrative costs of implementing sections 36-2901.01 and 36-2901.04 shall be reduced pursuant to section 11-292, subsection R, in an amount that is equal to the difference between the total costs that the county paid pursuant to subsection D of this section and the amount that the county would have paid if the county were subject to subsection B of this section.

Chs. 5 and 212

2. Pursuant to section 41-563, subsection D ~~and beginning in fiscal year 2007-2008~~, the economic estimates commission shall increase the county's base expenditure limit in an amount that is equal to the difference between the total costs that the county paid pursuant to subsection D of this section and the amount that the county would have paid if the county were subject to subsection B of this section.

Ch. 5

F. THE TOTAL AMOUNT THAT MAY BE EXPENDED IN ANY FISCAL YEAR BY THE STATE TREASURER FOR JUSTICE OF THE PEACE COMPENSATION AND EMPLOYEE RELATED EXPENDITURES REIMBURSEMENT SHALL NOT EXCEED THE AMOUNT APPROPRIATED IN THE GENERAL APPROPRIATION ACT FOR THIS PURPOSE, TOGETHER WITH ADDITIONAL AMOUNTS APPROPRIATED BY ANY SPECIAL LEGISLATIVE APPROPRIATION FOR JUSTICES OF THE PEACE.

EXPLANATION OF BLEND
SECTION 23-772

Laws 2013, Chapters 17 and 204

Laws 2013, Ch. 17, section 1	Effective September 13, 2013
Laws 2013, Ch. 204 section 6	Effective June 19, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 17 and Ch. 204 text changes to section 23-772 are blended in the form shown on the following page.

The Laws 2013, Ch. 17 version of section 23-772, subsection B added a hyphen to the words "base period". The Ch. 204 version showed "base period" stricken then reinserted with a hyphen. Since this would not produce a substantive change, the blend version reflects the Ch. 204 version.

BLEND OF SECTION 23-772
Laws 2013, Chapters 17 and 204

23-772. Claims for benefits; notice to employer; posting printed statements dealing with claims

Ch. 17

A. Claims for benefits shall be made in accordance with such regulations as the department prescribes. THE DEPARTMENT SHALL REQUIRE AN INDIVIDUAL CLAIMING BENEFITS TO PROVIDE INFORMATION AND DOCUMENTS ON WHICH THE CLAIM IS BASED AT THE TIME OF FILING THE CLAIM.

Ch. 204

B. All ~~base-period~~ BASE-PERIOD employers of a claimant for benefits shall be promptly notified when a claimant files ~~an initial~~ A PAYABLE CONTINUED claim for benefits during a period of unemployment.

Chs. 17 and 204

C. Each employer shall post and maintain printed statements dealing with claims for benefits in places readily accessible to individuals in ~~his~~ THE EMPLOYER'S service, and shall make available to each individual at the time ~~he~~ THE INDIVIDUAL becomes unemployed~~,~~ a printed statement dealing with claims for benefits. Printed statements shall be supplied by the department to each employer without cost.

EXPLANATION OF BLEND
SECTION 23-787

Laws 2013, Chapters 17 and 204

Laws 2013, Ch. 17, section 3	Effective September 13, 2013
Laws 2013, Ch. 204, section 7	Effective June 19, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 17 and Ch. 204 text changes to section 23-787 are blended in the form shown on the following page.

BLEND OF SECTION 23-787
Laws 2013, Chapters 17 and 204

23-787. Repayment of and deductions for benefits obtained by claimants not entitled to benefits; collection

A. A person who receives any amount as benefits under this chapter to which the person is not entitled is liable to repay the overpaid amount to the department. The department may deduct all or a portion of the overpayment from future benefits payable to the person under this chapter.

B. If benefits to which a person is not entitled are received by reason of fraud COMMITTED BY THE PERSON as determined by the department, THE DEPARTMENT SHALL ASSESS A PENALTY ON THE PERSON EQUAL TO FIFTEEN PER CENT OF THE AMOUNT OF THE ERRONEOUS PAYMENT AND the person is not eligible to receive any benefits under this chapter until the total amount of the overpayment ~~has~~ AND ALL PENALTIES AND INTEREST HAVE been recovered or otherwise satisfied in compliance with a civil judgment. THE DEPARTMENT SHALL IMMEDIATELY DEPOSIT ALL ASSESSMENTS PAID PURSUANT TO THIS SUBSECTION IN THE UNEMPLOYMENT COMPENSATION FUND ESTABLISHED BY SECTION 23-701.

Ch. 204 — Ch. 17 — Ch. 204

C. If benefits to which a person is not entitled are received without any fault on the person's part and if repayment or deduction from future benefits would be against equity and good conscience, the department may waive all or a portion of the amount overpaid.

D. If benefits to which a person is not entitled are received without any fault on the person's part, deductions made by the department pursuant to subsection A OF THIS SECTION from benefits payable to an individual for any week shall not exceed twenty-five per cent of the individual's weekly benefit amount unless required by federal law, except that the amount recouped from benefits payable may be fifty per cent of the weekly benefit amount if the individual has previously received benefits but has not received benefits for at least twelve consecutive months ~~prior to~~ BEFORE the most recent receipt of benefits and there has been no reasonable attempt to repay the indebtedness during that period. The fifty per cent recoupment rate may not be put in effect ~~prior to~~ BEFORE one year after the establishment of the overpayment.

Ch. 204 — Chs. 17 and 204

E. The department shall adopt rules to implement ~~the provisions of~~ subsection D OF THIS SECTION.

F. The attorney general or the appropriate county attorney may institute appropriate court proceedings to recover in the name of the department any amount for which a person is liable to the department.

EXPLANATION OF BLEND
SECTION 28-101

Laws 2013, Chapters 81, 93 and 129

Laws 2013, Ch. 81, section 1	Effective September 13, 2013
Laws 2013, Ch. 93, section 1	Effective September 13, 2013
Laws 2013, Ch. 129, section 1	Effective September 13, 2013

Explanation

Since these three enactments are not incompatible, the Laws 2013, Ch. 81, Ch. 93 and Ch. 129 text changes to section 28-101 are blended in the form shown on the following pages.

BLEND OF SECTION 28-101
Laws 2013, Chapters 81, 93 and 129

28-101. Definitions

In this title, unless the context otherwise requires:

1. "Alcohol" means any substance containing any form of alcohol, including ethanol, methanol, propynol and isopropynol.

2. "Alcohol concentration" if expressed as a percentage means either:

(a) The number of grams of alcohol per one hundred milliliters of blood.

(b) The number of grams of alcohol per two hundred ten liters of breath.

3. "All-terrain vehicle" means either of the following:

(a) A motor vehicle that satisfies all of the following:

(i) Is designed primarily for recreational nonhighway all-terrain travel.

(ii) Is fifty or fewer inches in width.

(iii) Has an unladen weight of one thousand two hundred pounds or less.

(iv) Travels on three or more nonhighway tires.

~~(v) Has a seat to be straddled by the operator and handlebars for steering control.~~

~~(vi)~~ (v) Is operated on a public highway.

(b) A recreational off-highway vehicle that satisfies all of the following:

Ch. 93

(i) Is designed primarily for recreational nonhighway all-terrain travel.

(ii) Is ~~sixty-four~~ SIXTY-FIVE or fewer inches in width.

(iii) Has an unladen weight of one thousand eight hundred pounds or less.

(iv) Travels on four or more nonhighway tires.

~~(v) Has a nonstraddle seat and a steering wheel for steering control.~~

4. "Authorized emergency vehicle" means any of the following:

(a) A fire department vehicle.

(b) A police vehicle.

(c) An ambulance or emergency vehicle of a municipal department or public service corporation that is designated or authorized by the department or a local authority.

(d) Any other ambulance, fire truck or rescue vehicle that is authorized by the department in its sole discretion and that meets liability insurance requirements prescribed by the department.

5. "Aviation fuel" means all flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating an internal combustion engine for use in an aircraft but does not include fuel for jet or turbine powered aircraft.

6. "Bicycle" means a device, including a racing wheelchair, that is propelled by human power and on which a person may ride and that has either:

(a) Two tandem wheels, either of which is more than sixteen inches in diameter.

(b) Three wheels in contact with the ground, any of which is more than sixteen inches in diameter.

7. "Board" means the transportation board.

8. "Bus" means a motor vehicle designed for carrying sixteen or more passengers, including the driver.

9. "Business district" means the territory contiguous to and including a highway if there are buildings in use for business or industrial purposes within any six hundred feet along the highway, including hotels, banks or office buildings, railroad stations and public buildings that occupy at least three hundred feet of frontage on one side or three hundred feet collectively on both sides of the highway.

10. "Combination of vehicles" means a truck or truck tractor and semitrailer and any trailer that it tows but does not include a forklift designed for the purpose of loading or unloading the truck, trailer or semitrailer.

11. "Controlled substance" means a substance so classified under section 102(6) of the controlled substances act (21 United States Code section 802(6)) and includes all substances listed in schedules I through V of 21 Code of Federal Regulations part 1308.

12. "Conviction" means:

(a) An unvacated adjudication of guilt or a determination that a person violated or failed to comply with the law in a court of original jurisdiction or by an authorized administrative tribunal.

(b) An unvacated forfeiture of bail or collateral deposited to secure the person's appearance in court.

(c) A plea of guilty or no contest accepted by the court.

(d) The payment of a fine or court costs.

13. "County highway" means a public road constructed and maintained by a county.

14. "Dealer" means a person who is engaged in the business of buying, selling or exchanging motor vehicles, trailers or semitrailers and who has an established place of business.

15. "Department" means the department of transportation acting directly or through its duly authorized officers and agents.

16. "Director" means the director of the department of transportation.

17. "Drive" means to operate or be in actual physical control of a motor vehicle.

18. "Driver" means a person who drives or is in actual physical control of a vehicle.

19. "Driver license" means a license that is issued by a state to an individual and that authorizes the individual to drive a motor vehicle.

20. "Electric personal assistive mobility device" means a self-balancing two nontandem wheeled device with an electric propulsion system that limits the maximum speed of the device to fifteen miles per hour or less and that is designed to transport only one person.

21. "Farm" means any lands primarily used for agriculture production.

22. "Farm tractor" means a motor vehicle designed and used primarily as a farm implement for drawing implements of husbandry.

23. "Foreign vehicle" means a motor vehicle, trailer or semitrailer that is brought into this state other than in the ordinary course of business by or through a manufacturer or dealer and that has not been registered in this state.

24. "Golf cart" means a motor vehicle that has not less than three wheels in contact with the ground, that has an unladen weight of less than one thousand eight hundred pounds, that is designed to be and is operated at not more than twenty-five miles per hour and that is designed to carry not more than four persons including the driver.

25. "Hazardous material" means a material, and its mixtures or solutions, that the United States department of transportation determines under 49 Code of Federal Regulations is, or any quantity of a material listed as a select agent or toxin under 42 Code of Federal Regulations part 73 that is, capable of posing an unreasonable risk to health, safety and property if transported in commerce and that is required to be placarded or marked as required by the department's safety rules prescribed pursuant to chapter 14 of this title.

26. "Implement of husbandry" means a vehicle designed primarily for agricultural purposes and used exclusively in the conduct of agricultural operations, including an implement or vehicle whether self-propelled or otherwise that meets both of the following conditions:

(a) Is used solely for agricultural purposes including the preparation or harvesting of cotton, alfalfa, grains and other farm crops.

(b) Is only incidentally operated or moved on a highway whether as a trailer or self-propelled unit. For the purposes of this subdivision, "incidentally operated or moved on a highway" means travel between a farm and another part of the same farm, from one farm to another farm or between a farm and a place of repair, supply or storage.

27. "Limousine" means a motor vehicle providing prearranged ground transportation service for an individual passenger, or a group of passengers, that is arranged in advance or is operated on a regular route or between specified points and includes ground transportation under a contract or agreement for services that includes a fixed rate or time and is provided in a motor vehicle with a seating capacity not exceeding fifteen passengers including the driver.

28. "Livery vehicle" means a motor vehicle that:

(a) Has a seating capacity not exceeding fifteen passengers including the driver.

(b) Provides passenger services for a fare determined by a flat rate or flat hourly rate between geographic zones or within a geographic area.

(c) Is available for hire on an exclusive or shared ride basis.

(d) May do any of the following:

(i) Operate on a regular route or between specified places.

(ii) Offer prearranged ground transportation service as defined in section 28-141.

(iii) Offer on demand ground transportation service pursuant to a contract with a public airport, licensed business entity or organization.

29. "Local authority" means any county, municipal or other local board or body exercising jurisdiction over highways under the constitution and laws of this state.

30. "Manufacturer" means a person engaged in the business of manufacturing motor vehicles, trailers or semitrailers.

31. "Moped" means a bicycle that is equipped with a helper motor if the vehicle has a maximum piston displacement of fifty cubic centimeters or less, a brake horsepower of one and one-half or less and a maximum speed of twenty-five miles per hour or less on a flat surface with less than a one per cent grade.

32. "Motor driven cycle" means a motorcycle, including every motor scooter, with a motor that produces not more than five horsepower.

33. "Motor vehicle":

(a) Means either:

(i) A self-propelled vehicle.

(ii) For the purposes of the laws relating to the imposition of a tax on motor vehicle fuel, a vehicle that is operated on the highways of this state and that is propelled by the use of motor vehicle fuel.

(b) Does not include a motorized wheelchair, an electric personal assistive mobility device or a motorized skateboard. For the purposes of this subdivision:

(i) "Motorized skateboard" means a self-propelled device that has a motor, a deck on which a person may ride and at least two tandem wheels in contact with the ground.

(ii) "Motorized wheelchair" means a self-propelled wheelchair that is used by a person for mobility.

34. "Motor vehicle fuel" includes all products that are commonly or commercially known or sold as gasoline, including casinghead gasoline, natural gasoline and all flammable liquids, and that are composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating internal combustion engines. Motor vehicle fuel does not include inflammable liquids that are specifically manufactured for racing motor vehicles and that are distributed for and used by racing motor vehicles at a racetrack, use fuel as defined in section 28-5601, aviation fuel, fuel for jet or turbine powered aircraft or the mixture created at the interface of two different substances being transported through a pipeline, commonly known as transmix.

35. "Motorcycle" means a motor vehicle that has a seat or saddle for the use of the rider and that is designed to travel on not more than three wheels in contact with the ground but excluding a tractor and a moped.

36. "Neighborhood electric vehicle" means a self-propelled electrically powered motor vehicle to which all of the following apply:

(a) The vehicle is emission free.

(b) The vehicle has at least four wheels in contact with the ground.

(c) The vehicle complies with the definition and standards for low speed vehicles set forth in federal motor vehicle safety standard 500 and 49 Code of Federal Regulations sections 571.3(b) and 571.500, respectively.

37. "Nonresident" means a person who is not a resident of this state as defined in section 28-2001.

38. "Off-road recreational motor vehicle" means a motor vehicle that is designed primarily for recreational nonhighway all-terrain travel and that is not operated on a public highway. Off-road recreational motor vehicle does not mean a motor vehicle used for construction, building trade, mining or agricultural purposes.

39. "Operator" means a person who drives a motor vehicle on a highway, who is in actual physical control of a motor vehicle on a highway or who is exercising control over or steering a vehicle being towed by a motor vehicle.

40. "Owner" means:

(a) A person who holds the legal title of a vehicle.

(b) If a vehicle is the subject of an agreement for the conditional sale or lease with the right of purchase on performance of the conditions stated in the agreement and with an immediate right of possession vested in the conditional vendee or lessee, the conditional vendee or lessee.

(c) If a mortgagor of a vehicle is entitled to possession of the vehicle, the mortgagor.

41. "Pedestrian" means any person afoot. A person who uses an electric personal assistive mobility device or a manual or motorized wheelchair is considered a pedestrian unless the manual wheelchair qualifies as a bicycle. For the purposes of this paragraph, "motorized wheelchair" means a self-propelled wheelchair that is used by a person for mobility.

42. "Power sweeper" means an implement, with or without motive power, that is only incidentally operated or moved on a street or highway and that is designed for the removal of debris, dirt, gravel, litter or sand whether by broom, vacuum or regenerative air system from asphaltic concrete or cement concrete surfaces, including parking lots, highways, streets and warehouses, and a vehicle on which the implement is permanently mounted.

43. "Public transit" means the transportation of passengers on scheduled routes by means of a conveyance on an individual passenger fare-paying basis excluding transportation by a sight-seeing bus, school bus or taxi or a vehicle not operated on a scheduled route basis.

44. "Reconstructed vehicle" means a vehicle that has been assembled or constructed largely by means of essential parts, new or used, derived from vehicles or makes of vehicles of various names, models and types or that, if originally otherwise constructed, has been materially altered by the removal of essential parts or by the addition or substitution of essential parts, new or used, derived from other vehicles or makes of vehicles. For the purposes of this paragraph, "essential parts" means integral and body parts, the removal, alteration or substitution of which will tend to conceal the identity or substantially alter the appearance of the vehicle.

45. "Residence district" means the territory contiguous to and including a highway not comprising a business district if the property on the highway for a distance of three hundred feet or more is in the main improved with residences or residences and buildings in use for business.

46. "Right-of-way" when used within the context of the regulation of the movement of traffic on a highway means the privilege of the immediate use of the highway. Right-of-way when used within the context of the real property on which transportation facilities and appurtenances to the facilities are constructed or maintained means the lands or interest in lands within the right-of-way boundaries.

47. "School bus" means a motor vehicle that is designed for carrying more than ten passengers and that is either:

(a) Owned by any public or governmental agency or other institution and operated for the transportation of children to or from home or school on a regularly scheduled basis.

(b) Privately owned and operated for compensation for the transportation of children to or from home or school on a regularly scheduled basis.

48. "Semitrailer" means a vehicle that is with or without motive power, other than a pole trailer, that is designed for carrying persons or property and for being drawn by a motor vehicle and that is constructed so that some part of its weight and that of its load rests on or is carried by another vehicle. For the purposes of this paragraph, "pole trailer" has the same meaning prescribed in section 28-601.

49. "State" means a state of the United States and the District of Columbia.

50. "State highway" means a state route or portion of a state route that is accepted and designated by the board as a state highway and that is maintained by the state.

51. "State route" means a right-of-way whether actually used as a highway or not that is designated by the board as a location for the construction of a state highway.

52. "Street" or "highway" means the entire width between the boundary lines of every way if a part of the way is open to the use of the public for purposes of vehicular travel.

53. "Taxi" means a motor vehicle that has a seating capacity not exceeding fifteen passengers, including the driver, that is registered as a taxi in this state or any other state, that provides passenger services and that:

(a) Does not PRIMARILY operate on a regular route or between specified places.

Ch. 81 (b) Offers local transportation for a fare determined ~~primarily~~ on the basis of the distance traveled OR PREARRANGED GROUND TRANSPORTATION SERVICE AS DEFINED IN SECTION 28-141 FOR A PREDETERMINED FARE.

Ch. 129 54. "TRAFFIC SURVIVAL SCHOOL" MEANS A SCHOOL THAT OFFERS EDUCATIONAL SESSIONS TO DRIVERS WHO ARE REQUIRED TO ATTEND AND SUCCESSFULLY COMPLETE EDUCATIONAL SESSIONS PURSUANT TO THIS TITLE THAT ARE DESIGNED TO IMPROVE THE SAFETY AND HABITS OF DRIVERS AND THAT ARE APPROVED BY THE DEPARTMENT.

~~54.~~ 55. "Trailer" means a vehicle that is with or without motive power, other than a pole trailer, that is designed for carrying persons or property and for being drawn by a motor vehicle and that is constructed so that no part of its weight rests on the towing vehicle. A semitrailer equipped with an auxiliary front axle commonly known as a dolly is deemed to be a trailer. For the purposes of this paragraph, "pole trailer" has the same meaning prescribed in section 28-601.

~~55.~~ 56. "Truck" means a motor vehicle designed or used primarily for the carrying of property other than the effects of the driver or passengers and includes a motor vehicle to which has been added a box, a platform or other equipment for such carrying.

~~56.~~ 57. "Truck tractor" means a motor vehicle that is designed and used primarily for drawing other vehicles and that is not constructed to carry a load other than a part of the weight of the vehicle and load drawn.

~~57.~~ 58. "Vehicle" means a device in, on or by which a person or property is or may be transported or drawn on a public highway, excluding devices moved by human power or used exclusively on stationary rails or tracks.

~~58.~~ 59. "Vehicle transporter" means either:

(a) A truck tractor capable of carrying a load and drawing a semitrailer.

(b) A truck tractor with a stinger-steered fifth wheel capable of carrying a load and drawing a semitrailer or a truck tractor with a dolly mounted fifth wheel that is securely fastened to the truck tractor at two or more points and that is capable of carrying a load and drawing a semitrailer.

EXPLANATION OF BLEND
SECTION 28-2351

Laws 2013, Chapters 73, 132 and 167

Laws 2013, Ch. 73, section 3	Effective September 13, 2013
Laws 2013, Ch. 132, section 1	Effective September 13, 2013
Laws 2013, Ch. 167, section 1	Effective September 13, 2013

Explanation

Since these three enactments are not incompatible, the Laws 2013, Ch. 73, Ch. 132 and Ch. 167 text changes to section 28-2351 are blended in the form shown on the following page.

BLEND OF SECTION 28-2351
Laws 2013, Chapters 73, 132 and 167

28-2351. License plate provided; design

A. The department shall provide to every owner one license plate for each vehicle registered. At the request of the owner and on payment of any required fee, the department shall provide either one or two license plates for a vehicle for which a special plate is requested pursuant to this chapter, except that the department shall provide one license plate if the special plate is issued pursuant to section 28-2416 or 28-2416.01.

B. The license plate shall display the number assigned to the vehicle and to the owner of the vehicle and the name of this state, which may be abbreviated. The director shall coat the license plate with a reflective material that is consistent with the determination of the department regarding the color and design of license plates and special plates. The director shall design the license plate and the letters and numerals on the license plate to be of sufficient size to be plainly readable during daylight from a distance of one hundred feet. In addition to the standard license plate issued for a trailer before August 12, 2005, the director shall issue a license plate for trailers that has a design that is similar to the standard size license plate for trailers but that is the same size as the license plate for motorcycles. The trailer owner shall notify the department which size license plate the owner wants for the trailer.

C. Notwithstanding any other law, the department shall not contract with a nongovernmental entity to purchase or secure reflective material for the plates issued by the department unless the department has made a reasonable effort to secure qualified bids or proposals from as many individual responsible respondents as possible.

D. The department shall determine the color and design of the license plate. All other plates issued by the department, except the plates issued pursuant to sections 28-2404, 28-2412, 28-2413, 28-2414, 28-2416, 28-2416.01, 28-2417 through ~~28-2448~~ 28-2450, ~~28-2452~~ 28-2472, ~~28-2453~~ 28-2473, ~~28-2454~~ 28-2474[, ~~and~~] ~~28-2455~~ 28-2475 [AND 28-4533] and article 14 of this chapter, shall be the same color as and similar in design to the license plate as determined by the department.

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E. A passenger motor vehicle rented without a driver shall receive the same type of license plate as issued for a private passenger motor vehicle.

EXPLANATION OF BLEND
SECTION 28-2403

Laws 2013, Chapters 132 and 167

Laws 2013, Ch. 132, section 2	Effective September 13, 2013
Laws 2013, Ch. 167, section 2	Effective September 13, 2013

Explanation

Since these two enactments are identical, the Laws 2013, Ch. 132 and Ch. 167 text changes to section 28-2403 are blended in the form shown on the following page.

BLEND OF SECTION 28-2403
Laws 2013, Chapters 132 and 167

28-2403. Special plates; transfers; violation; classification

A. Except as otherwise provided in this article, the department shall issue or renew special plates in lieu of the regular license plates pursuant to the following conditions and procedures and only if the requirements prescribed by this article for the requested special plates are met:

1. Except as provided in sections 28-2416 and 28-2416.01, a person who is the registered owner of a vehicle registered with the department or who applies for an original or renewal registration of a vehicle may submit to the department a completed application form as prescribed by the department with the fee prescribed by section 28-2402 for special plates in addition to the registration fee prescribed by section 28-2003.

2. Except for plates issued pursuant to sections 28-2404, 28-2412, 28-2413, 28-2414, 28-2416, 28-2416.01, 28-2417 through ~~28-2448~~ 28-2450, ~~28-2452~~ 28-2472, ~~28-2453~~ 28-2473, ~~28-2454~~ 28-2474 and ~~28-2455~~ 28-2475 and article 14 of this chapter, the special plates shall be the same color as and similar to the design of the regular license plates that is determined by the department.

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3. Except as provided in section 28-2416, the department shall issue special plates only to the owner or lessee of a vehicle that is currently registered, including any vehicle that has a declared gross weight, as defined in section 28-5431, of twenty-six thousand pounds or less.

4. Except as provided in sections 28-2416 and 28-2416.01, the department shall charge the fee prescribed by section 28-2402 for each annual renewal of special plates in addition to the registration fee prescribed by section 28-2003.

B. Except as provided in sections 28-2416 and 28-2416.01, on notification to the department and on payment of the transfer fee prescribed by section 28-2402, a person who is issued special plates may transfer the special plates to another vehicle the person owns or leases. Persons who are issued special plates for hearing impaired persons pursuant to section 28-2408 and international symbol of access special plates pursuant to section 28-2409 are exempt from the transfer fee. If a person who is issued special plates sells, trades or otherwise releases ownership of the vehicle on which the plates have been displayed, the person shall immediately report the transfer of the plates to the department or the person shall surrender the plates to the department as prescribed by the director. It is unlawful for a person to whom the plates have been issued to knowingly permit them to be displayed on a vehicle except the vehicle authorized by the department.

C. The special plates shall be affixed to the vehicle for which registration is sought in lieu of the regular license plates.

D. A person is guilty of a class 3 misdemeanor who:

1. Violates subsection B of this section.

2. Fraudulently gives false or fictitious information in the application for or renewal of special plates or placards issued pursuant to this article.

3. Conceals a material fact or otherwise commits fraud in the application for or renewal of special plates or placards issued pursuant to this article.

EXPLANATION OF BLEND
SECTION 28-3158

Laws 2013, Chapters 128 and 129

Laws 2013, Ch. 128, section 4	Effective September 13, 2013
Laws 2013, Ch. 129, section 7	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 128 and Ch. 129 text changes to section 28-3158 are blended in the form shown on the following pages.

BLEND OF SECTION 28-3158
Laws 2013, Chapters 128 and 129

28-3158. Driver license or instruction permit application

A. A person who applies for an instruction permit or for a driver license shall use a form furnished by the department.

B. An applicant shall pay the fee prescribed by section 28-3002 for a driver license or for an instruction permit issued under section 28-3154, 28-3155, 28-3156 or 28-3225. Payment of the fee required by this section entitles the applicant to not more than three attempts to pass the written examination or road test within twelve months from the date of the application. The department shall refund an application fee pursuant to section 28-373. ~~An applicant who submits documentation of successful completion of a driver education course approved by the department is not required to take the road test.~~ Ch. 129

C. An applicant for an instruction permit or a driver license shall give the department satisfactory proof of the applicant's full legal name, date of birth, sex and residence address and that the applicant's presence in the United States is authorized under federal law.

D. The application for an instruction permit or a driver license shall state the following:

1. A brief description of the applicant and any other identifying information required by the department.

2. Whether the applicant has been licensed, and if so, the type of license issued, when the license was issued and what state or country issued the license.

3. Whether the license was suspended or revoked or whether an application was ever refused, and if so, the date of and reason for the suspension, revocation or refusal.

4. If the applicant was never licensed, the applicant's last previous state or country of residence.

5. The social security number of the applicant ~~unless the application is for a nonresident commercial driver license~~. Ch. 128

E. The department shall:

1. Verify that a social security number provided by an applicant is a valid number assigned to that applicant.

2. Retain the social security number in its records.

F. The social security number provided to the department pursuant to subsection D of this section for an applicant's driver license or instruction permit shall not appear on an applicant's driver license or instruction permit unless the applicant requests that the social security number appear on the applicant's driver license or instruction permit as the driver license or instruction permit number. Except as provided in sections 28-455 and 41-1954, the department shall not release the social security number to any person unless the applicant requests that the social security number appear on the applicant's driver license or instruction permit as the driver license

or instruction permit number. The provisions of this subsection shall be included in each application.

G. The department may adopt and implement procedures to deny a driver license or instruction permit to a person who has been deported. The department may adopt and implement procedures to reinstate a person's privilege to apply for a driver license or permit if the person's legal presence status is restored.

H. On request of an applicant, the department shall allow the applicant to provide on the license or permit a post office box address that is regularly used by the applicant.

I. The department may request an applicant who appears in person for a license, a duplicate license or reinstatement of a driving privilege to complete satisfactorily the vision screening prescribed by the department.

J. If a driver license applicant submits satisfactory proof to the department that the applicant is a veteran, on request of the applicant, the department shall allow a distinguishing mark to appear on the license that identifies the person as a veteran.

EXPLANATION OF BLEND
SECTION 28-3306

Laws 2013, Chapters 128 and 129

Laws 2013, Ch. 128, section 7	Effective September 13, 2013
Laws 2013, Ch. 129, section 10	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 128 and Ch. 129 text changes to section 28-3306 are blended in the form shown on the following pages.

BLEND OF SECTION 28-3306
Laws 2013, Chapters 128 and 129

28-3306. Discretionary license suspension or revocation; traffic survival school; hearing

A. The department may suspend or revoke the license of a driver or require a licensee to attend and successfully complete approved traffic
Ch. 129 — survival school ~~training and~~ educational sessions designed to improve the safety and habits of drivers on a showing by department records or other sufficient evidence that the licensee:

1. Has committed an offense for which mandatory revocation of the license is required on conviction.

2. Has been involved as a driver in an accident resulting in the death or personal injury of another or serious property damage.

3. Has been convicted of or adjudged to have violated traffic regulations governing the movement of vehicles with such a frequency that it indicates a disrespect for traffic laws and a disregard for the safety of other persons on the highways.

4. Has been convicted of reckless driving as provided in section 28-693 or is a habitually reckless or negligent driver of a motor vehicle.

5. Is medically, psychologically or physically incapable of operating a motor vehicle and, based on law enforcement, medical or other department information, the continued operation of a motor vehicle by the licensee would endanger the public health, safety and welfare.

6. Has committed or permitted an act involving an unlawful or fraudulent use of the license.

7. Has committed an offense in another jurisdiction that if committed in this state is grounds for suspension or revocation.

8. Has been convicted of a violation of section 28-1381 or 28-1382.

9. Has been convicted of a violation of section 28-1464.

B. On receipt of satisfactory evidence of a violation of a driver license restriction, the department may suspend or revoke the driver license.

C. On suspending or revoking the license of a person or requiring a licensee to attend and successfully complete approved traffic survival
Ch. 129 — school ~~training and~~ educational sessions designed to improve the safety and habits of drivers pursuant to this section, the department shall notify the licensee in writing immediately.

D. On the RECEIPT OF THE person's request FOR A HEARING, the department shall ~~provide an opportunity for a~~ SET THE hearing ~~on the~~
Ch. 128 — ~~action taken pursuant to this section as early as practicable but not later than thirty~~ WITHIN SIXTY days ~~after receipt of the request~~. THE DEPARTMENT MAY HOLD THE HEARING IN PERSON, BY TELEPHONE OR BY VIDEOCONFERENCE. IF THE DEPARTMENT HOLDS THE HEARING IN PERSON, the department shall hold the hearing in the county where the licensee resides

unless the law enforcement agency issuing the citation or affidavit that authorizes the suspension or revocation requests at the time of issuance that the hearing be held in the county where the violation allegedly occurred.

E. If a hearing is held, the department or its duly authorized agent may administer oaths, may issue subpoenas for the attendance of witnesses and the production of relevant books and papers and may require a reexamination of the licensee.

F. At the hearing, the department shall either rescind its order of suspension or its order requiring the licensee to attend and successfully complete approved traffic survival school ~~training and~~ educational sessions or, if good cause exists, the department may uphold or extend the order, revoke the license or make any order that is within its discretionary power under this section and that is in the interest of public safety.

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G. If a licensee receives notice requiring the licensee to attend and successfully complete approved traffic survival school ~~training and~~ educational sessions and the department receives information of noncompliance with this order, the department may amend the order to suspend or revoke the license.

H. A person whose driver license is suspended or revoked as provided in subsection A, paragraph 5 of this section may submit a written request to the department for an administrative hearing. The person shall submit the request for a hearing within fifteen days after the department provides the person with notice of suspension or revocation. On receipt of a proper request for a hearing, the department shall provide the person with an opportunity for a hearing in the county where the person resides within thirty days after the department receives the request. The request for a hearing does not stay a summary suspension issued by the department.

EXPLANATION OF BLEND
SECTION 28-3511

Laws 2013, Chapters 76 and 119

Laws 2013, Ch. 76, section 1	Effective September 13, 2013
Laws 2013, Ch. 119, section 4	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 76 and Ch. 119 text changes to section 28-3511 are blended in the form shown on the following pages.

BLEND OF SECTION 28-3511
Laws 2013, Chapters 76 and 119

28-3511. Removal and immobilization or impoundment of vehicle

A. A peace officer shall cause the removal and either immobilization or impoundment of a vehicle if the peace officer determines that a person is driving the vehicle while any of the following applies:

1. Except as otherwise provided in this paragraph, the person's driving privilege is suspended or revoked for any reason. A peace officer shall not cause the removal and either immobilization or impoundment of a vehicle pursuant to this paragraph if the person's privilege to drive is valid in this state.

2. The person has not ever been issued a valid driver license or permit by this state and the person does not produce evidence of ever having a valid driver license or permit issued by another jurisdiction. This paragraph does not apply to the operation of an implement of husbandry.

3. The person is subject to an ignition interlock device requirement pursuant to chapter 4 of this title and the person is operating a vehicle without a functioning certified ignition interlock device. This paragraph does not apply to ~~a person operating an employer's vehicle or~~ the operation of a vehicle due to a substantial emergency as defined in section 28-1464.

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4. In furtherance of the illegal presence of an alien in the United States and in violation of a criminal offense, the person is transporting or moving or attempting to transport or move an alien in this state in a vehicle if the person knows or recklessly disregards the fact that the alien has come to, has entered or remains in the United States in violation of law.

5. The person is concealing, harboring or shielding or attempting to conceal, harbor or shield from detection an alien in this state in a vehicle if the person knows or recklessly disregards the fact that the alien has come to, entered or remains in the United States in violation of law.

B. A peace officer shall cause the removal and impoundment of a vehicle if the peace officer determines that a person is driving the vehicle and if all of the following apply:

1. The person's driving privilege is canceled, suspended or revoked for any reason or the person has not ever been issued a driver license or permit by this state and the person does not produce evidence of ever having a driver license or permit issued by another jurisdiction.

2. The person is not in compliance with the financial responsibility requirements of chapter 9, article 4 of this title.

3. The person is driving a vehicle that is involved in an accident that results in either property damage or injury to or death of another person.

C. Except as provided in subsection D of this section, while a peace officer has control of the vehicle the peace officer shall cause the removal and either immobilization or impoundment of the vehicle if the peace officer has probable cause to arrest the driver of the vehicle for a violation of section 4-244, paragraph 34 or section 28-1382 or 28-1383.

D. A peace officer shall not cause the removal and either the immobilization or impoundment of a vehicle pursuant to subsection C of this section if all of the following apply:

1. The peace officer determines that the vehicle is currently registered and that the driver or the vehicle is in compliance with the financial responsibility requirements of chapter 9, article 4 of this title.

2. The spouse of the driver is with the driver at the time of the arrest.

3. The peace officer has reasonable grounds to believe that the spouse of the driver:

(a) Has a valid driver license.

(b) Is not impaired by intoxicating liquor, any drug, a vapor releasing substance containing a toxic substance or any combination of liquor, drugs or vapor releasing substances.

(c) Does not have any spirituous liquor in the spouse's body if the spouse is under twenty-one years of age.

4. The spouse notifies the peace officer that the spouse will drive the vehicle from the place of arrest to the driver's home or other place of safety.

5. The spouse drives the vehicle as prescribed by paragraph 4 of this subsection.

E. Except as otherwise provided in this article, a vehicle that is removed and either immobilized or impounded pursuant to subsection A, B or C of this section shall be immobilized or impounded for thirty days. An insurance company does not have a duty to pay any benefits for charges or fees for immobilization or impoundment.

F. The owner of a vehicle that is removed and either immobilized or impounded pursuant to subsection A, B or C of this section, the spouse of the owner and each person identified on the department's record with an interest in the vehicle IMMEDIATELY BEFORE THE IMMOBILIZATION OR IMPOUNDMENT shall be provided with an opportunity for an immobilization or poststorage hearing pursuant to section 28-3514.

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EXPLANATION OF BLEND
SECTION 28-6501

Laws 2013, Chapters 132 and 167

Laws 2013, Ch. 132, section 5	Effective September 13, 2013
Laws 2013, Ch. 167, section 5	Effective September 13, 2013

Explanation

Since these two enactments are identical, the Laws 2013, Ch. 132 and Ch. 167 text changes to section 28-6501 are blended in the form shown on the following page.

BLEND OF SECTION 28-6501
Laws 2013, Chapters 132 and 167

28-6501. Definition of highway user revenues

In this article, unless the context otherwise requires or except as otherwise provided by statute, "highway user revenues" means all monies received in this state from licenses, taxes, penalties, interest and fees authorized by the following:

1. Chapters 2, 7, 8 and 15 of this title, except for:

(a) The special plate administration fees prescribed in sections 28-2404, 28-2412 through ~~28-2448~~ 28-2450 and 28-2514.

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(b) The donations prescribed in sections 28-2404, 28-2412 through 28-2415, 28-2417 through ~~28-2448~~ 28-2450, ~~28-2453~~ 28-2473, ~~28-2454~~ 28-2474 and ~~28-2455~~ 28-2475.

2. Section 28-1177.

3. Chapters 10 and 11 of this title.

4. Chapter 16, articles 1, 2 and 4 of this title, except as provided in sections 28-5926 and 28-5927.

EXPLANATION OF BLEND
SECTION 28-6991

Laws 2013, Chapters 132 and 167

Laws 2013, Ch. 132, section 6	Effective September 13, 2013
Laws 2013, Ch. 167, section 6	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 132 and Ch. 167 text changes to section 28-6991 are blended in the form shown on the following pages.

Section 28-6991 was amended an additional time by Laws 2013, Ch. 129 with a delayed effective date that will require separate publication in addition to this blend.

BLEND OF SECTION 28-6991
Laws 2013, Chapters 132 and 167

28-6991. State highway fund; sources

A state highway fund is established that consists of:

1. Monies distributed from the Arizona highway user revenue fund pursuant to chapter 18 of this title.

2. Monies appropriated by the legislature.

3. Monies received from donations for the construction, improvement or maintenance of state highways or bridges. These monies shall be credited to a special account and shall be spent only for the purpose indicated by the donor.

4. Monies received from counties under cooperative agreements, including proceeds from bond issues. The state treasurer shall deposit these monies to the credit of the fund in a special account on delivery to the treasurer of a concise written agreement between the department and the county stating the purposes for which the monies are surrendered by the county, and these monies shall be spent only as stated in the agreement.

5. Monies received from the United States under an act of Congress to provide aid for the construction of rural post roads, but monies received on projects for which the monies necessary to be provided by this state are wholly derived from sources mentioned in paragraphs 2 and 3 of this section shall be allotted by the department and deposited by the state treasurer in the special account within the fund established for each project. On completion of the project, on the satisfaction and discharge in full of all obligations of any kind created and on request of the department, the treasurer shall transfer the unexpended balance in the special account for the project into the state highway fund, and the unexpended balance and any further federal aid thereafter received on account of the project may be spent under the general provisions of this title.

6. Monies in the custody of an officer or agent of this state from any source that is to be used for the construction, improvement or maintenance of state highways or bridges.

7. Monies deposited in the state general fund and arising from the disposal of state personal property belonging to the department.

8. Receipts from the sale or disposal of any or all other property held by the department and purchased with state highway monies.

9. Monies generated pursuant to section 28-410.

10. Monies distributed pursuant to section 28-5808, subsection B, paragraph 2, subdivision (d).

11. Monies deposited pursuant to sections 28-1143, 28-2353 and 28-3003.

12. Except as provided in section 28-5101, the following monies:

(a) Monies deposited pursuant to section 28-2206 and section 28-5808, subsection B, paragraph 2, subdivision (e).

(b) One dollar of each registration fee and one dollar of each title fee collected pursuant to section 28-2003.

(c) Two dollars of each late registration penalty collected by the director pursuant to section 28-2162.

(d) The air quality compliance fee collected pursuant to section 49-542.

(e) The special plate administration fees collected pursuant to sections 28-2404, 28-2412 through 28-2416, 28-2416.01, 28-2417 through ~~28-2448~~ 28-2450 and 28-2514.

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(f) Monies collected pursuant to sections 28-372, 28-2155 and 28-2156 if the director is the registering officer.

13. Monies deposited pursuant to chapter 5, article 5 of this title.

14. Donations received pursuant to section 28-2269.

15. Dealer and registration monies collected pursuant to section 28-4304.

16. Abandoned vehicle administration monies deposited pursuant to section 28-4804.

17. Monies deposited pursuant to section 28-710, subsection D, paragraph 2.

18. Monies deposited pursuant to section 28-2065.

19. Monies deposited pursuant to section 28-7311.

20. Monies deposited pursuant to section 28-7059.

21. Monies deposited pursuant to section 28-1105.

22. Monies deposited pursuant to section 28-2448, subsection D.

EXPLANATION OF BLEND
SECTION 28-6993

Laws 2013, Chapters 132 and 167

Laws 2013, Ch. 132, section 7	Effective September 13, 2013
Laws 2013, Ch. 167, section 7	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 132 and Ch. 167 text changes to section 28-6993 are blended in the form shown on the following pages.

BLEND OF SECTION 28-6993
Laws 2013, Chapters 132 and 167

28-6993. State highway fund; authorized uses

A. Except as provided in subsection B of this section and section 28-6538, the state highway fund shall be used for any of the following purposes in strict conformity with and subject to the budget as provided by this section and by sections 28-6997 through 28-7003:

1. To pay salaries, wages, necessary travel expenses and other expenses of officers and employees of the department and the incidental office expenses, including telegraph, telephone, postal and express charges and printing, stationery and advertising expenses.

2. To pay for both:

(a) Equipment, supplies, machines, tools, department offices and laboratories established by the department.

(b) The construction and repair of buildings or yards of the department.

3. To pay the cost of both:

(a) Engineering, construction, improvement and maintenance of state highways and parts of highways forming state routes.

(b) Highways under cooperative agreements with the United States that are entered into pursuant to this chapter and an act of Congress providing for the construction of rural post roads.

4. To pay land damages incurred by reason of establishing, opening, altering, relocating, widening or abandoning portions of a state route or state highway.

5. To reimburse the department revolving account.

6. To pay premiums on authorized indemnity bonds and on compensation insurance under the workers' compensation act.

7. To defray lawful expenses and costs required to administer and carry out the intent, purposes and provisions of this title, including repayment of obligations entered into pursuant to this title, payment of interest on obligations entered into pursuant to this title, repayment of loans and other financial assistance, including repayment of advances and interest on advances made to the department pursuant to section 28-7677, and payment of all other obligations and expenses of the board and department pursuant to chapter 21 of this title.

8. To pay lawful bills and charges incurred by the state engineer.

9. To acquire, construct or improve entry roads to state parks or roads within state parks.

10. To acquire, construct or improve entry roads to state prisons.

11. To pay the cost of relocating a utility facility pursuant to section 28-7156.

12. For the purposes provided in subsections C, D and E of this section and sections 28-1143, 28-2353 and 28-3003.

13. To pay the cost of issuing an Arizona centennial special plate pursuant to section 28-2448.

B. For each fiscal year, the department of transportation shall allocate and transfer monies in the state highway fund to the department of public safety for funding a portion of highway patrol costs in eight installments in each of the first eight months of a fiscal year that do not exceed ten million dollars.

C. Subject to legislative appropriation, the department may use the monies in the state highway fund as prescribed in section 28-6991, paragraph 12 to carry out the duties imposed by this title for registration or titling of vehicles, to operate joint title, registration and driver licensing offices, to cover the administrative costs of issuing the air quality compliance sticker, modifying the year validating tab and issuing the windshield sticker and to cover expenses and costs in issuing special plates pursuant to sections 28-2404, 28-2412 through ~~28-2448~~ 28-2450 and 28-2514.

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D. The department shall use monies deposited in the state highway fund pursuant to chapter 5, article 5 of this title only as prescribed by that article.

E. Monies deposited in the state highway fund pursuant to section 28-2269 shall be used only as prescribed by that section.

F. Monies deposited in the state highway fund pursuant to section 28-710, subsection D, paragraph 2 shall only be used for state highway work zone traffic control devices.

G. The department may exchange monies distributed to the state highway fund pursuant to section 28-6538, subsection A, paragraph 1 for local government surface transportation program federal monies suballocated to councils of government and metropolitan planning organizations if the local government scheduled to receive the federal monies concurs. An exchange of state highway fund monies pursuant to this subsection shall be in an amount that is at least equal to ninety per cent of the federal obligation authority that exists in the project for which the exchange is proposed.

EXPLANATION OF BLEND
SECTION 32-2301

Laws 2013, Chapters 64 and 125

Laws 2013, Ch. 64, section 2	Effective September 13, 2013
Laws 2013, Ch. 125, section 1	Effective September 13, 2013

Explanation

Since the Ch. 125 version includes all of the changes made by the Ch. 64 version, the Laws 2013, Ch. 125 amendment of section 32-2301 is the blend of both the Laws 2013, Ch. 64 and Ch. 125 versions.

BLEND OF SECTION 32-2301
Laws 2013, Chapters 64 and 125

32-2301. Definitions

In this chapter, unless the context otherwise requires:

~~1. "Acting director" means the person appointed pursuant to section 32-2302 to serve as the acting director of the office.~~

~~2.~~ 1. "Branch office" means any fixed place of business, other than the primary office, where records are kept, mail is received, statements are rendered, money is collected, requests for service or bids are received, ~~or~~ information pertaining to the business of ~~structural~~ pest ~~control~~ MANAGEMENT is given ~~and from which the use of pesticides and devices is supervised by a licensed applicator or qualifying party~~ OR PESTICIDES ARE STORED OR DISPOSED OF.

Ch. 125

2. "BRANCH SUPERVISOR" MEANS A CERTIFIED APPLICATOR WORKING AT OR FROM A BRANCH OFFICE WHO IS RESPONSIBLE FOR ENSURING THE TRAINING, EQUIPPING AND SUPERVISION OF ALL APPLICATORS OF THE BRANCH OFFICE.

3. "Business license" means a license that is issued pursuant to this chapter OR RULES ADOPTED PURSUANT TO THIS CHAPTER to a person and that entitles that person and the person's employees to engage in the business of ~~structural~~ pest ~~control~~ MANAGEMENT.

4. "Business of ~~structural~~ pest ~~control~~ MANAGEMENT" means engaging in, offering to engage in, advertising for, soliciting or performing ~~structural~~ pest ~~control~~ MANAGEMENT, including any of the following:

(a) Identifying infestations or making inspections for the purpose of identifying or attempting to identify infestations. ~~of households or other structures and the surrounding area by any of the following:~~

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~~(i) Public health pests.~~

~~(ii) Aquatic pests.~~

~~(iii) Household pests.~~

~~(iv) Wood-destroying insects.~~

~~(v) Pests, including weeds, existing around structures, in ornamental shrubs and trees, on golf courses, along rights-of-way or in lawns and cemeteries.~~

~~(vi) Fungi.~~

(b) Making written or oral inspection reports, recommendations, estimates or bids with respect to infestations.

(c) The application of pesticides or the making of contracts or submitting of bids for the application of pesticides or the use of devices for the purpose of eliminating, exterminating, controlling or preventing infestations.

5. "CERTIFIED APPLICATOR" MEANS AN INDIVIDUAL WHO IS LICENSED BY THE OFFICE TO PROVIDE PEST MANAGEMENT SERVICES IN ACCORDANCE WITH THIS CHAPTER.

Ch. 125

6. "CERTIFIED QUALIFIED APPLICATOR" MEANS A CERTIFIED APPLICATOR WHO IS ELIGIBLE TO ACT AS A QUALIFYING PARTY.

7. "CHILD CARE FACILITY" MEANS A FACILITY THAT IS REGULATED PURSUANT TO TITLE 36, CHAPTER 7.1.

~~5.~~ 8. "De minimis violation" means a violation that, although undesirable, has no direct or immediate relationship to safety, health or property damage.

~~6.~~ 9. "Department" means~~, through December 31, 2013,~~ the Arizona department of agriculture.

~~7.~~ 10. "Device" means any ~~mechanical, pesticide or electrical apparatus used in conjunction with, in place of or to supplement, disperse or dispense pesticides~~ INSTRUMENT OR CONTRIVANCE THAT IS INTENDED TO BE USED FOR TRAPPING, DESTROYING, REPELLING OR MITIGATING ANY PEST OR OTHER FORM OF PLANT OR ANIMAL LIFE.

~~8.~~ 11. "Direct supervision" means [THE] use of a pesticide under the instructions, control and responsibility of a ~~licensed~~ CERTIFIED applicator who is available if needed for consultation or assistance even though the ~~licensed~~ CERTIFIED applicator is not physically present at the time and place the pesticide is used. **Chs. 64 and 125**

~~9.~~ 12. "Director" means~~, through December 31, 2013,~~ the director of the Arizona department of agriculture.

~~10.~~ 13. "Final grade treatment" means [THE] establishment of A COMPLETE vertical ~~barriers~~ BARRIER at the exterior of foundation walls in stem wall OR MONOLITHIC construction ~~or at the exterior of grade beams in monolithic construction~~. **Chs. 64 and 125**

Ch. 125 ~~11. "Fungi inspection report" means a written inspection report on a form approved by the office.~~

14. "FINANCIAL SECURITY" MEANS LIABILITY INSURANCE, A DEPOSIT OF CASH OR CERTIFIED MONIES, A SURETY BOND OR AN IRREVOCABLE AND UNCONDITIONAL LETTER OF CREDIT FROM AN ARIZONA OR FEDERALLY CHARTERED FINANCIAL INSTITUTION.

~~12.~~ 15. "Household pests" means pests, other than wood-destroying ~~insects~~ ORGANISMS, that invade households or other structures, including rodents, vermin and insects.

~~13.~~ 16. "Immediate supervision" means [THE] use of a pesticide by an ~~employee~~ INDIVIDUAL acting under the instructions, control and responsibility of a ~~licensed~~ CERTIFIED applicator who is within the direct line of sight or within hearing distance of the ~~employee~~ INDIVIDUAL and who is available for consultation or assistance at the time and place the pesticide is used. **Chs. 64 and 125**

~~14.~~ 17. "Initial ~~termite~~ corrective treatment" means the first POSTCONSTRUCTION treatment of any kind performed by a licensee ~~after a treatment made prior to or during construction~~, excluding a treatment performed under warranty by a licensee who has performed the PRETREATMENT OR NEW-CONSTRUCTION treatment ~~prior to or during construction~~.

~~15.~~ 18. "Inquiry" means ~~information from the public or office staff~~ AN INITIAL INVESTIGATION of possible violations of this chapter~~,~~ or rules adopted pursuant to this chapter BASED ON INFORMATION RECEIVED FROM THE PUBLIC OR OFFICE STAFF.

~~16.~~ 19. "Integrated pest management" means a sustainable approach to managing pests that combines biological, cultural, physical and ~~pesticide~~ CHEMICAL tools in a way that minimizes economic, health and environmental risks.

~~17. "License" means an approval granted by the office to act as an applicator or qualifying party or to operate a business of structural pest control in this state.~~

~~18. "Licensed applicator" means a person who is licensed by the office to apply pesticides in accordance with this chapter.~~

Ch. 125

20. "NEW-CONSTRUCTION TREATMENT" MEANS A TREATMENT THAT PROTECTS ALL CELLULOSE COMPONENTS OF A STRUCTURE FROM SUBTERRANEAN TERMITES AND THAT IS PERFORMED AFTER A PERMANENT CONCRETE SLAB FOUNDATION IS INSTALLED OR FOOTINGS AND SUPPORTS FOR A RAISED FOUNDATION ARE INSTALLED, BUT BEFORE THE STRUCTURE OR A FINAL GRADE TREATMENT IS COMPLETED.

~~19.~~ 21. "Office" means the office of pest management established by section ~~32-2302~~ 32-2303.

~~20.~~ 22. "Other structures" includes railroad cars, boats, docks, motor vehicles or airplanes and their contents.

~~21.~~ 23. "Pest management"[:]

Chs. 64 and 125

(a) Means the management of ~~public~~ health-RELATED pests, aquatic pests, household pests, wood-destroying ~~insects, fungi~~ ORGANISMS or other pests, including weeds, that exist IN, near or around structures, in ornamental shrubs and trees, ~~on golf courses,~~ along rights-of-way or in lawns or cemeteries and all pesticide ~~application~~ APPLICATIONS that could be harmful to public health or the environment. ~~Pest management~~

(b) INCLUDES THE MANAGEMENT BY PERSONS FOR HIRE OF HEALTH-RELATED PESTS, AQUATIC PESTS, HOUSEHOLD PESTS, WOOD-DESTROYING ORGANISMS OR OTHER PESTS, INCLUDING WEEDS, THAT EXIST ON GOLF COURSES.

(c) Does not include pesticide applications used directly in the commercial production of crops and animals ~~if those applications are governed by the Arizona department of agriculture pursuant to title 3, chapter 2, articles 6 and 6.1~~ OR USED NOT FOR HIRE ON GOLF COURSES.

24. "PEST MANAGEMENT SERVICES" MEANS IDENTIFYING INFESTATIONS OR MAKING INSPECTIONS FOR THE PURPOSE OF IDENTIFYING OR ATTEMPTING TO IDENTIFY INFESTATIONS, MAKING WRITTEN OR ORAL INSPECTION REPORTS OR RECOMMENDATIONS WITH RESPECT TO INFESTATIONS AND THE APPLICATION OF PESTICIDES OR THE USE OF DEVICES NOT EXEMPT BY SECTION 32-2304, SUBSECTION B, PARAGRAPH 18 FOR THE PURPOSE OF ELIMINATING, EXTERMINATING, CONTROLLING OR PREVENTING INFESTATIONS.

Ch. 125

~~22.~~ 25. "Pesticide" means any substance or mixture of substances intended to be used for ~~defoliating plants or for~~ preventing, destroying, repelling or mitigating insects, fungi, bacteria, microbes, weeds, rodents, predatory animals or any form of plant or animal life that is, OR THAT THE DIRECTOR MAY DECLARE TO BE, a pest and THAT may infest or be detrimental to vegetation, humans, animals or households or be present in any environment.

26. "POLITICAL SUBDIVISION" MEANS A STATE AGENCY, COUNTY, CITY, TOWN, MUNICIPAL CORPORATION OR SCHOOL DISTRICT OR A SPECIAL DISTRICT FORMED PURSUANT TO TITLE 48.

27. "POSTCONSTRUCTION TREATMENT" MEANS A TREATMENT TO CONTROL WOOD-DESTROYING ORGANISMS IN OR AROUND AN EXISTING STRUCTURE PERFORMED AFTER ALL SOIL DISTURBANCE ASSOCIATED WITH CONSTRUCTION IS COMPLETE AND AFTER AN APPLICATOR HAS COMPLETED AN INSPECTION OF THE STRUCTURE AND A TREATMENT PROPOSAL UNDER SECTION 32-2332, SUBSECTIONS A AND B.

28. "PRETREATMENT" MEANS A TERMITE TREATMENT THAT PROTECTS ALL CELLULOSE COMPONENTS OF A STRUCTURE FROM SUBTERRANEAN TERMITES, THAT IS PERFORMED BEFORE A PERMANENT CONCRETE SLAB FOUNDATION IS INSTALLED OR IN CONJUNCTION WITH ESTABLISHING FOOTINGS AND SUPPORTS FOR A RAISED FOUNDATION AND THAT ESTABLISHES THOROUGH AND COMPLETE HORIZONTAL AND VERTICAL TREATED BARRIERS.

~~23.~~ 29. "Prior violation" means any violation for which disciplinary action was taken within a five-year period ~~prior to~~ BEFORE the date of the violation for which current disciplinary action is sought.

~~24.~~ 30. "Qualifying party" means ~~an individual who is licensed by the office to ensure the supervision and training~~ A CERTIFIED QUALIFIED APPLICATOR REGISTERED WITH THE OFFICE AS THE INDIVIDUAL RESPONSIBLE FOR ENSURING THE TRAINING, EQUIPPING AND SUPERVISION of all ~~employees~~ APPLICATORS of a business licensee ~~in the business of structural pest control~~ OR SCHOOL DISTRICT.

Ch. 125

31. "SCHOOL" MEANS ANY PUBLIC OR NONPUBLIC INSTITUTION, OTHER THAN A CHILD'S HOME, THAT IS ESTABLISHED FOR THE PURPOSE OF OFFERING INSTRUCTION TO PUPILS IN PROGRAMS FOR PRESCHOOL CHILDREN WITH DISABILITIES, KINDERGARTEN PROGRAMS OR ANY COMBINATION OF GRADES ONE THROUGH TWELVE AND THAT QUALIFIES AS A SCHOOL PURSUANT TO SECTION 15-802.

32. "SERVICE VEHICLE" MEANS A MOTOR VEHICLE, INCLUDING A TRAILER ATTACHED TO THE MOTOR VEHICLE, THAT IS USED TO TRANSPORT EQUIPMENT OR PESTICIDES FOR THE BUSINESS OF PEST MANAGEMENT.

33. "STERILANT" MEANS A PRODUCT THAT IS DESIGNED FOR KILLING ALL LIVE VEGETATION AND PREVENTING ALL VEGETATION GROWTH FOR TWELVE OR MORE MONTHS.

~~25.~~ 34. "Weed" means any plant that grows where it is not wanted.

~~26.~~ 35. "Wood-destroying insect inspection report" means a written inspection report on a form approved by the ~~acting~~ director that is prepared in connection with the sale or refinancing of real property whether or not the report is used as part of the transaction.

~~27.~~ 36. "Wood-destroying ~~insects~~ ORGANISMS" means ~~insects~~ ORGANISMS that attack, damage or destroy wood or wood-derivative products, BUT DOES NOT INCLUDE BIRDS OR MAMMALS.

EXPLANATION OF BLEND
SECTION 33-1126

Laws 2013, Chapters 112 and 123

Laws 2013, Ch. 112, section 11	Effective September 13, 2013
Laws 2013, Ch. 123, section 3	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 112 and Ch. 123 text changes to section 33-1126 are blended in the form shown on the following pages.

BLEND OF SECTION 33-1126
Laws 2013, Chapters 112 and 123

33-1126. Money benefits or proceeds; exception

A. The following property of a debtor is exempt from execution, attachment or sale on any process issued from any court:

1. All money received by or payable to a surviving spouse or child on the life of a deceased spouse, parent or legal guardian, not exceeding twenty thousand dollars.

2. The earnings of the minor child of a debtor or the proceeds of these earnings by reason of any liability of the debtor not contracted for the special benefit of the minor child.

3. All monies received by or payable to a person entitled to receive child support or spousal maintenance pursuant to a court order.

4. All money, proceeds or benefits of any kind to be paid in a lump sum or to be rendered on a periodic or installment basis to the insured or any beneficiary under any policy of health, accident or disability insurance or any similar plan or program of benefits in use by any employer, except for premiums payable on ~~such~~ THE policy or debt of the insured secured by a pledge, and except for collection of any debt or obligation for which the insured or beneficiary has been paid under the plan or policy and except for payment of amounts ordered for support of a person from proceeds and benefits furnished in lieu of earnings that would have been subject to that order and subject to any exemption applicable to earnings so replaced.

Ch. 112

5. All money arising from any claim for the destruction of, or damage to, exempt property and all proceeds or benefits of any kind arising from fire or other insurance on any property exempt under this article.

6. The cash surrender value of life insurance policies where for a continuous unexpired period of two years the policies have been owned by a debtor. ~~And~~ THE POLICY SHALL have named as beneficiary the debtor's surviving spouse, child, parent, brother or sister. ~~, or~~ THE POLICY MAY HAVE NAMED AS BENEFICIARY any other ~~dependent~~ family member WHO IS A DEPENDENT, in the proportion that the policy names any such beneficiary, except that, subject to the statute of limitations, the amount of any premium that is recoverable or avoidable by a creditor pursuant to title 44, chapter 8, article 1, with interest thereon, is not exempt. The exemption provided by this paragraph does not apply to a claim for the payment of a debt of the insured or beneficiary that is secured by a pledge or assignment of the cash value of the insurance policy or the proceeds of the policy. For the purposes of this paragraph, "dependent" means a family member who is dependent on the insured debtor for not less than half support.

Ch. 123

7. An annuity contract where for a continuous unexpired period of two years that contract has been owned by a debtor and has named as beneficiary the debtor, the debtor's surviving spouse, child, parent, brother or sister, or any other dependent family member, except that, subject to the statute of

limitations, the amount of any premium, payment or deposit with respect to that contract is recoverable or avoidable by a creditor pursuant to title 44, chapter 8, article 1 is not exempt. The exemption provided by this paragraph does not apply to a claim for a payment of a debt of the annuitant or beneficiary that is secured by a pledge or assignment of the contract or its proceeds. For the purposes of this paragraph, "dependent" means a family member who is dependent on the debtor for not less than half support.

8. Any claim for damages recoverable by any person by reason of any levy on or sale under execution of that person's exempt personal property or by reason of the wrongful taking or detention of that property by any person, and the judgment recovered for damages.

Ch. 123 9. A total of ~~one hundred fifty~~ THREE HUNDRED dollars held in a single account in any one financial institution as defined by section 6-101. The property declared exempt by this paragraph is not exempt from normal service charges assessed against the account by the financial institution at which the account is carried.

Ch. 112 10. AN INTEREST IN A COLLEGE SAVINGS PLAN UNDER SECTION 529 OF THE INTERNAL REVENUE CODE OF 1986, EITHER AS THE OWNER OR AS THE BENEFICIARY. THIS DOES NOT INCLUDE MONEY CONTRIBUTED TO THE PLAN WITHIN TWO YEARS BEFORE A DEBTOR FILES FOR BANKRUPTCY.

B. Any money or other assets payable to a participant in or beneficiary of, or any interest of any participant or beneficiary in, a retirement plan under section 401(a), 403(a), 403(b), 408, 408A or 409 or a deferred compensation plan under section 457 of the United States internal revenue code of 1986, as amended, whether the beneficiary's interest arises by inheritance, designation, appointment or otherwise, is exempt from all claims of creditors of the beneficiary or participant. This subsection does not apply to any of the following:

1. An alternate payee under a qualified domestic relations order, as defined in section 414(p) of the United States internal revenue code of 1986, as amended. The interest of any and all alternate payees is exempt from any and all claims of any creditor of the alternate payee.

2. Amounts contributed within one hundred twenty days before a debtor files for bankruptcy.

3. The assets of bankruptcy proceedings filed before July 1, 1987.

C. Any person eighteen years of age or over, married or single, who resides within this state and who does not exercise the homestead exemption under article 1 of this chapter may claim as a personal property homestead exempt from all process prepaid rent, including security deposits as provided in section 33-1321, subsection A, for the claimant's residence, not exceeding Ch. 123 ~~the lesser of one~~ TWO thousand dollars ~~or one and one-half months' rent~~.

D. This section does not exempt property from orders that are the result of a judgment for arrearages of child support or for a child support debt.

EXPLANATION OF BLEND
SECTION 35-323

Laws 2013, Chapters 157 and 188

Laws 2013, Ch. 157, section 2	Effective September 13, 2013
Laws 2013, Ch. 188, section 1	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 157 and Ch. 188 text changes to section 35-323 are blended in the form shown on the following pages.

BLEND OF SECTION 35-323
Laws 2013, Chapters 157 and 188

35-323. Investing public monies; bidding; security and other requirements

A. The treasurer shall invest and reinvest public monies in securities and deposits with a maximum maturity of five years. All public monies shall be invested in eligible investments. Eligible investments are:

1. Certificates of deposit in eligible depositories.

2. Deposits in one or more federally insured banks or savings and loan associations placed in accordance with the procedures prescribed in section 35-323.01.

3. Interest bearing savings accounts in banks and savings and loan institutions doing business in this state whose accounts are insured by federal deposit insurance for their industry, but only if deposits in excess of the insured amount are secured by the eligible depository to the same extent and in the same manner as required under this article.

4. Repurchase agreements with a maximum maturity of one hundred eighty days.

5. The pooled investment funds established by the state treasurer pursuant to section 35-326.

6. Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities.

7. Bonds, notes or other evidences of indebtedness of this state or any of its counties, incorporated cities or towns, ~~or~~ school districts OR SPECIAL TAXING DISTRICTS, INCLUDING REGISTERED WARRANTS THAT SHALL BEAR INTEREST PURSUANT TO SECTION 11-635. Ch. 188

8. Bonds, notes or evidences of indebtedness of any county, municipal district, municipal utility or special taxing district of any state that are payable from revenues, earnings or a special tax specifically pledged for the payment of the principal and interest on the obligations, and for the payment of which a lawful sinking fund or reserve fund has been established and is being maintained, but only if no default in payment on principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if such obligations were issued less than five years before the date of investment, no default in payment of principal or interest has occurred on the obligations to be purchased nor any other obligations of the issuer within five years of the investment.

9. Bonds, notes or evidences of indebtedness issued by any county improvement district or municipal improvement district of any state to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district. An investment shall not be made if:

(a) The face value of all such obligations, and similar obligations outstanding, exceeds fifty per cent of the market value of the real property, and if improvements on which the bonds or the assessments for the payment of principal and interest on the bonds are liens inferior only to the liens for general ad valorem taxes.

(b) A default in payment of principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if the obligations were issued less than five years before the date of investment, a default in the payment of principal or interest has occurred on the obligations to be purchased or on any other obligation of the issuer within five years of the investment.

10. Commercial paper of prime quality that is rated within the top two ratings by a nationally recognized rating agency. All commercial paper must be issued by corporations organized and doing business in the United States.

Ch. 188

11. Bonds, debentures, ~~and~~ notes OR OTHER EVIDENCES OF INDEBTEDNESS that are ~~issued by corporations organized and doing business in the United States and that are rated within the top three ratings by a nationally recognized rating agency~~ DENOMINATED IN UNITED STATES DOLLARS AND THAT CARRY AT A MINIMUM AN "A" OR BETTER RATING, AT THE TIME OF PURCHASE, FROM AT LEAST TWO NATIONALLY RECOGNIZED RATING AGENCIES.

12. Negotiable or brokered certificates of deposit issued by a nationally or state chartered bank or savings and loan association.

13. Securities of or any other interests in any open-end or closed-end management type investment company or investment trust, including exchange traded funds whose underlying investments are invested in securities allowed by state law, registered under the investment company act of 1940 (54 Stat. 789; 15 United States Code sections 80a-1 through 80a-64), as amended.

B. Certificates of deposit shall be purchased from the eligible depository bidding the highest permissible rate of interest. No monies over one hundred thousand dollars may be awarded at any interest rate less than one hundred three per cent of the equivalent bond yield of the offer side of United States treasury bills having a similar term. If the eligible depository offering to pay the highest rate of interest has bid only for a portion of the monies to be awarded, the remainder of the monies shall be awarded to eligible depositories bidding the next highest rates of interest.

C. An eligible depository is not eligible to receive total aggregate deposits from this state and all its subdivisions in an amount exceeding twice its capital structure as outlined in the last call of condition of the superintendent of financial institutions.

D. If two or more eligible depositories submit bids of an identical rate of interest for all or any portion of the monies to be deposited, the award of the deposit of the monies shall be made to the eligible depository among those submitting identical bids having, at the time of the bid opening, the lowest ratio of total public deposits in relation to its capital structure.

E. Each bid submitted, and not withdrawn prior to the time specified, constitutes an irrevocable offer to pay interest as specified in the bid on the deposit, or portion bid for, and the award of a deposit in accordance with this section obligates the depository to accept the deposit and pay interest as specified in the bid pursuant to which the deposit is awarded.

F. The treasurer shall maintain a record of all bids received and shall make available to the board of deposit at its next regularly scheduled meeting a correct list showing the bidders, the bids received and the amount awarded. These records shall be available to the public and shall be kept in the possession of the treasurer for not less than two years from the date of the report.

G. Any eligible depository, before receiving a deposit in excess of the insured amount under this article, shall deliver collateral for the purposes of this subsection equal to at least one hundred one per cent of the deposit. The collateral shall be any of the following:

1. A bond executed by a surety company that is approved by the treasury department of the United States and authorized to do business in this state. The bond shall be approved as to form by the legal advisor of the treasurer.

2. Securities or instruments of the following character:

(a) United States government or agency obligations.

(b) State, county, school district and other district municipal bonds.

(c) Registered warrants of this state, a county or other political subdivisions of this state, when offered as security for monies of the state, county or political subdivision by which they are issued.

(d) First mortgages and trust deeds on improved, unencumbered real estate located in this state. No single first mortgages or trust deeds may represent more than ten per cent of the total collateral. The treasurer may require that the first mortgages or trust deeds comprising the total collateral security be twice the amount the eligible depository receives on deposit. First mortgages or trust deeds qualify as collateral subject to the following limitations:

(i) The promissory note or other evidences of indebtedness secured by such first mortgage or trust deed shall have been in existence for at least three years and shall not have been in default during this period.

(ii) An eligible depository shall at its own expense execute, deposit with the treasurer and record with the appropriate county recorder a complete sale and assignment with recourse in a form approved by the attorney general, together with an unconditional assumption of obligation to promptly pay to the entitled parties public monies in its custody upon lawful demand and tender of resale and assignment.

Eligible depositories may deposit the security described in this subdivision with the state treasurer, and county, city or town treasurers may accept the security described in this subdivision at their option.

3. The safekeeping receipt of a federal reserve bank or any bank located in a reserve city, or any bank authorized to do business in this state, whose combined capital, surplus and outstanding capital notes and debentures on the date of the safekeeping receipt are ten million dollars or more, evidencing the deposit therein of any securities or instruments described in this section. A safekeeping receipt shall not qualify as security, if issued by a bank to secure its own public deposits, unless issued directly through its trust department. The safekeeping receipt shall show upon its face that it is issued for the account of the treasurer and shall be delivered to the treasurer. The safekeeping receipt may provide for

the substitution of securities or instruments which qualify under this section with the affirmative act of the treasurer.

4. LETTERS OF CREDIT ISSUED BY A FEDERAL HOME LOAN BANK IF:

(a) THE LETTER OF CREDIT HAS BEEN DELIVERED PURSUANT TO THIS SECTION OR CHAPTER 10, ARTICLE 1 OF THIS TITLE TO THE STATEWIDE COLLATERAL POOL ADMINISTRATOR.

(b) THE LETTER OF CREDIT MEETS THE REQUIRED CONDITIONS OF:

(i) BEING IRREVOCABLE.

(ii) BEING ISSUED, PRESENTABLE AND PAYABLE AT A FEDERAL HOME LOAN BANK IN UNITED STATES DOLLARS. PRESENTATION MAY BE MADE BY THE BENEFICIARY SUBMITTING THE ORIGINAL LETTER OF CREDIT, INCLUDING ANY AMENDMENTS, AND THE DEMAND IN WRITING, BY OVERNIGHT DELIVERY.

Ch. 157

(iii) IF THE LETTER OF CREDIT IS FOR PURPOSES OF CHAPTER 10, ARTICLE 1 OF THIS TITLE, CONTAINING A STATEMENT THAT IDENTIFIES THE STATEWIDE COLLATERAL POOL ADMINISTRATOR AS THE BENEFICIARY.

(iv) CONTAINING AN ISSUE DATE AND A DATE OF EXPIRATION.

(c) FOR THE PURPOSES OF CHAPTER 10, ARTICLE 1 OF THIS TITLE, THE ELIGIBLE DEPOSITORY, IF NOTIFIED BY THE STATEWIDE COLLATERAL POOL ADMINISTRATOR, IS NOT ALLOWED TO USE NEW LETTERS OF CREDIT ISSUED BY A FEDERAL HOME LOAN BANK IF THAT FEDERAL HOME LOAN BANK FAILS TO PAY A DRAW REQUEST AS PROVIDED FOR IN THE LETTERS OF CREDIT OR FAILS TO PROPERLY COMPLETE A CONFIRMATION OF SUCH LETTERS OF CREDIT.

H. The securities, instruments or safekeeping receipt for the securities, instruments or warrants shall be accepted at market value if not above par, and, if at any time their market value becomes less than the deposit liability to that treasurer, additional securities or instruments required to guarantee deposits shall be deposited immediately with the treasurer who made the deposit and deposited by the eligible depository in which the deposit was made.

I. The condition of the surety bond, or the deposit of securities, instruments or a safekeeping receipt, must be such that the eligible depository will promptly pay to the parties entitled public monies in its custody, upon lawful demand, and will, when required by law, pay the monies to the treasurer making the deposit.

J. Notwithstanding the requirements of this section, any institution qualifying as an eligible depository may accept deposits of public monies to the total then authorized insurance of accounts, insured by federal deposit insurance, without depositing a surety bond or securities in lieu of the surety bond.

K. An eligible depository shall report monthly to the treasurer the total deposits of that treasurer and the par value and the market value of any pledged collateral securing those deposits.

L. When a security or instrument pledged as collateral matures or is called for redemption, the cash received for the security or instrument shall be held in place of the security until the depository has obtained a written release or provided substitute securities or instruments.

M. The surety bond, securities, instruments or safekeeping receipt of an eligible depository shall be deposited with the treasurer making the deposit, and the treasurer shall be the custodian of the bond, securities, instruments or safekeeping receipt. The treasurer may then deposit with the

depository public monies then in the treasurer's possession in accordance with this article, but not in an amount in excess of the surety bond, securities, instruments or safekeeping receipt deposited, except for federal deposit insurance.

N. The following restrictions on investments are applicable:

1. An investment of public operating fund monies shall not be invested for a maturity of longer than five years.

2. The board of deposit may order the treasurer to sell any of the securities, and any order shall specifically describe the securities and fix the date upon which they are to be sold. Securities so ordered to be sold shall be sold for cash by the treasurer on the date fixed in the order, at the then current market price. The treasurer and the members of the board are not accountable for any loss occasioned by sales of securities at prices lower than their cost. Any loss or expense shall be charged against earnings received from investment of public funds.

Ch. 188

3. INVESTMENTS IN COMPANIES IDENTIFIED IN SECTION 35-392, SUBSECTION A, PARAGRAPH 1.

O. If the total amount of subdivision monies available for deposit at any time is less than one hundred thousand dollars, the subdivision board of deposit shall award the deposit of the funds to an eligible depository in accordance with an ordinance or resolution of the governing body of the subdivision.

EXPLANATION OF BLEND
SECTION 36-2903.01

Laws 2013, First Special Session, Chapter 10
Laws 2013, First Regular Session, Chapter 202

Laws 2013, First Special Session, Ch. 10, section 6	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 202, section 3	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 10 and Laws 2013, First Regular Session, Ch. 202 text changes to section 36-2903.01 are blended in the form shown on the following pages.

BLEND OF SECTION 36-2903.01
Laws 2013, First Special Session, Chapter 10 and Laws 2013, First Regular Session, Chapter 202

36-2903.01. Additional powers and duties; report

A. The director of the Arizona health care cost containment system administration may adopt rules that provide that the system may withhold or forfeit payments to be made to a noncontracting provider by the system if the noncontracting provider fails to comply with this article, the provider agreement or rules that are adopted pursuant to this article and that relate to the specific services rendered for which a claim for payment is made.

B. The director shall:

1. Prescribe uniform forms to be used by all contractors. The rules shall require a written and signed application by the applicant or an applicant's authorized representative, or, if the person is incompetent or incapacitated, a family member or a person acting responsibly for the applicant may obtain a signature or a reasonable facsimile and file the application as prescribed by the administration.

2. Enter into an interagency agreement with the department to establish a streamlined eligibility process to determine the eligibility of all persons defined pursuant to section 36-2901, paragraph 6, subdivision (a). At the administration's option, the interagency agreement may allow the administration to determine the eligibility of certain persons, including those defined pursuant to section 36-2901, paragraph 6, subdivision (a).

3. Enter into an intergovernmental agreement with the department to:

(a) Establish an expedited eligibility and enrollment process for all persons who are hospitalized at the time of application.

(b) Establish performance measures and incentives for the department.

(c) Establish the process for management evaluation reviews that the administration shall perform to evaluate the eligibility determination functions performed by the department.

(d) Establish eligibility quality control reviews by the administration.

(e) Require the department to adopt rules, consistent with the rules adopted by the administration for a hearing process, that applicants or members may use for appeals of eligibility determinations or redeterminations.

(f) Establish the department's responsibility to place sufficient eligibility workers at federally qualified health centers to screen for eligibility and at hospital sites and level one trauma centers to ensure that persons seeking hospital services are screened on a timely basis for

eligibility for the system, including a process to ensure that applications for the system can be accepted on a twenty-four hour basis, seven days a week.

(g) Withhold payments based on the allowable sanctions for errors in eligibility determinations or redeterminations or failure to meet performance measures required by the intergovernmental agreement.

(h) Recoup from the department all federal fiscal sanctions that result from the department's inaccurate eligibility determinations. The director may offset all or part of a sanction if the department submits a corrective action plan and a strategy to remedy the error.

4. By rule establish a procedure and time frames for the intake of grievances and requests for hearings, for the continuation of benefits and services during the appeal process and for a grievance process at the contractor level. Notwithstanding sections 41-1092.02, 41-1092.03 and 41-1092.05, the administration shall develop rules to establish the procedure and time frame for the informal resolution of grievances and appeals. A grievance that is not related to a claim for payment of system covered services shall be filed in writing with and received by the administration or the prepaid capitated provider or program contractor not later than sixty days after the date of the adverse action, decision or policy implementation being grieved. A grievance that is related to a claim for payment of system covered services must be filed in writing and received by the administration or the prepaid capitated provider or program contractor within twelve months after the date of service, within twelve months after the date that eligibility is posted or within sixty days after the date of the denial of a timely claim submission, whichever is later. A grievance for the denial of a claim for reimbursement of services may contest the validity of any adverse action, decision, policy implementation or rule that related to or resulted in the full or partial denial of the claim. A policy implementation may be subject to a grievance procedure, but it may not be appealed for a hearing. The administration is not required to participate in a mandatory settlement conference if it is not a real party in interest. In any proceeding before the administration, including a grievance or hearing, persons may represent themselves or be represented by a duly authorized agent who is not charging a fee. A legal entity may be represented by an officer, partner or employee who is specifically authorized by the legal entity to represent it in the particular proceeding.

5. Apply for and accept federal funds available under title XIX of the social security act (P.L. 89-97; 79 Stat. 344; 42 United States Code section 1396 (1980)) in support of the system. The application made by the director pursuant to this paragraph shall be designed to qualify for federal funding primarily on a prepaid capitated basis. Such funds may be used only for the support of persons defined as eligible pursuant to title XIX of the social security act or the approved section 1115 waiver.

6. At least thirty days before the implementation of a policy or a change to an existing policy relating to reimbursement, provide notice to interested parties. Parties interested in receiving notification of policy changes shall submit a written request for notification to the administration.

7. In addition to the cost sharing requirements specified in subsection D, paragraph 4 of this section:

(a) Charge monthly premiums up to the maximum amount allowed by federal law to all populations of eligible persons who may be charged.

(b) Implement this paragraph to the extent permitted under the federal deficit reduction act of 2005 and other federal laws, subject to the approval of federal waiver authority and to the extent that any changes in the cost sharing requirements under this paragraph would permit this state to receive any enhanced federal matching rate.

C. The director is authorized to apply for any federal funds available for the support of programs to investigate and prosecute violations arising from the administration and operation of the system. Available state funds appropriated for the administration and operation of the system may be used as matching funds to secure federal funds pursuant to this subsection.

D. The director may adopt rules or procedures to do the following:

1. Authorize advance payments based on estimated liability to a contractor or a noncontracting provider after the contractor or noncontracting provider has submitted a claim for services and before the claim is ultimately resolved. The rules shall specify that any advance payment shall be conditioned on the execution before payment of a contract with the contractor or noncontracting provider that requires the administration to retain a specified percentage, which shall be at least twenty per cent, of the claimed amount as security and that requires repayment to the administration if the administration makes any overpayment.

2. Defer liability, in whole or in part, of contractors for care provided to members who are hospitalized on the date of enrollment or under other circumstances. Payment shall be on a capped fee-for-service basis for services other than hospital services and at the rate established pursuant to subsection G of this section for hospital services or at the rate paid by the health plan, whichever is less.

3. Deputize, in writing, any qualified officer or employee in the administration to perform any act that the director by law is empowered to do or charged with the responsibility of doing, including the authority to issue final administrative decisions pursuant to section 41-1092.08.

4. Notwithstanding any other law, require persons eligible pursuant to section 36-2901, paragraph 6, subdivision (a), section 36-2931 and section 36-2981, paragraph 6 to be financially responsible for any cost sharing requirements established in a state plan or a section 1115 waiver and approved by the centers for medicare and medicaid services. Cost sharing requirements may include copayments, coinsurance, deductibles, enrollment fees and monthly premiums for enrolled members, including households with children enrolled in the Arizona long-term care system.

E. The director shall adopt rules that further specify the medical care and hospital services that are covered by the system pursuant to section 36-2907.

F. In addition to the rules otherwise specified in this article, the director may adopt necessary rules pursuant to title 41, chapter 6 to carry out this article. Rules adopted by the director pursuant to this

subsection shall consider the differences between rural and urban conditions on the delivery of hospitalization and medical care.

G. For inpatient hospital admissions and outpatient hospital services on and after March 1, 1993, the administration shall adopt rules for the reimbursement of hospitals according to the following procedures:

1. For inpatient hospital stays from March 1, 1993 through
Ch. 202 September 30, ~~2013~~ 2014, the administration shall use a prospective tiered per diem methodology, using hospital peer groups if analysis shows that cost differences can be attributed to independently definable features that hospitals within a peer group share. In peer grouping the administration may consider such factors as length of stay differences and labor market variations. If there are no cost differences, the administration shall implement a stop loss-stop gain or similar mechanism. Any stop loss-stop gain or similar mechanism shall ensure that the tiered per diem rates assigned to a hospital do not represent less than ninety per cent of its 1990 base year costs or more than one hundred ten per cent of its 1990 base year costs, adjusted by an audit factor, during the period of March 1, 1993 through September 30, 1994. The tiered per diem rates set for hospitals shall represent no less than eighty-seven and one-half per cent or more than one hundred twelve and one-half per cent of its 1990 base year costs, adjusted by an audit factor, from October 1, 1994 through September 30, 1995 and no less than eighty-five per cent or more than one hundred fifteen per cent of its 1990 base year costs, adjusted by an audit factor, from October 1, 1995 through September 30, 1996. For the periods after September 30, 1996 no stop loss-stop gain or similar mechanisms shall be in effect. An adjustment in the stop loss-stop gain percentage may be made to ensure that total payments do not increase as a result of this provision. If peer groups are used, the administration shall establish initial peer group designations for each hospital before implementation of the per diem system. The administration may also use a negotiated rate methodology. The tiered per diem methodology may include separate consideration for specialty hospitals that limit their provision of services to specific patient populations, such as rehabilitative patients or children. The initial per diem rates shall be based on hospital claims and encounter data for dates of service November 1, 1990 through October 31, 1991 and processed through May of 1992. THE ADMINISTRATION MAY ALSO ESTABLISH A SEPARATE REIMBURSEMENT
Ch. 202 METHODOLOGY FOR CLAIMS WITH EXTRAORDINARILY HIGH COSTS PER DAY THAT EXCEED THRESHOLDS ESTABLISHED BY THE ADMINISTRATION.

2. For rates effective on October 1, 1994, and annually through September 30, 2011, the administration shall adjust tiered per diem payments for inpatient hospital care by the data resources incorporated market basket index for prospective payment system hospitals. For rates effective beginning on October 1, 1999, the administration shall adjust payments to reflect changes in length of stay for the maternity and nursery tiers.

3. Through June 30, 2004, for outpatient hospital services, the administration shall reimburse a hospital by applying a hospital specific outpatient cost-to-charge ratio to the covered charges. Beginning on July 1, 2004 through June 30, 2005, the administration shall reimburse a

hospital by applying a hospital specific outpatient cost-to-charge ratio to covered charges. If the hospital increases its charges for outpatient services filed with the Arizona department of health services pursuant to chapter 4, article 3 of this title, by more than 4.7 per cent for dates of service effective on or after July 1, 2004, the hospital specific cost-to-charge ratio will be reduced by the amount that it exceeds 4.7 per cent. If charges exceed 4.7 per cent, the effective date of the increased charges will be the effective date of the adjusted Arizona health care cost containment system cost-to-charge ratio. The administration shall develop the methodology for a capped fee-for-service schedule and a statewide cost-to-charge ratio. Any covered outpatient service not included in the capped fee-for-service schedule shall be reimbursed by applying the statewide cost-to-charge ratio that is based on the services not included in the capped fee-for-service schedule. Beginning on July 1, 2005, the administration shall reimburse clean claims with dates of service on or after July 1, 2005, based on the capped fee-for-service schedule or the statewide cost-to-charge ratio established pursuant to this paragraph. The administration may make additional adjustments to the outpatient hospital rates established pursuant to this section based on other factors, including the number of beds in the hospital, specialty services available to patients and the geographic location of the hospital.

4. Except if submitted under an electronic claims submission system, a hospital bill is considered received for purposes of this paragraph on initial receipt of the legible, error-free claim form by the administration if the claim includes the following error-free documentation in legible form:

(a) An admission face sheet.

(b) An itemized statement.

(c) An admission history and physical.

(d) A discharge summary or an interim summary if the claim is split.

(e) An emergency record, if admission was through the emergency room.

(f) Operative reports, if applicable.

(g) A labor and delivery room report, if applicable.

Payment received by a hospital from the administration pursuant to this subsection or from a contractor either by contract or pursuant to section 36-2904, subsection I is considered payment by the administration or the contractor of the administration's or contractor's liability for the hospital bill. A hospital may collect any unpaid portion of its bill from other third[-]party payors or in situations covered by title 33, chapter 7, article 3.

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5. For services rendered on and after October 1, 1997, the administration shall pay a hospital's rate established according to this section subject to the following:

(a) If the hospital's bill is paid within thirty days of the date the bill was received, the administration shall pay ninety-nine per cent of the rate.

(b) If the hospital's bill is paid after thirty days but within sixty days of the date the bill was received, the administration shall pay one hundred per cent of the rate.

(c) If the hospital's bill is paid any time after sixty days of the date the bill was received, the administration shall pay one hundred per cent of the rate plus a fee of one per cent per month for each month or portion of a month following the sixtieth day of receipt of the bill until the date of payment.

6. In developing the reimbursement methodology, if a review of the reports filed by a hospital pursuant to section 36-125.04 indicates that further investigation is considered necessary to verify the accuracy of the information in the reports, the administration may examine the hospital's records and accounts related to the reporting requirements of section 36-125.04. The administration shall bear the cost incurred in connection with this examination unless the administration finds that the records examined are significantly deficient or incorrect, in which case the administration may charge the cost of the investigation to the hospital examined.

7. Except for privileged medical information, the administration shall make available for public inspection the cost and charge data and the calculations used by the administration to determine payments under the tiered per diem system, provided that individual hospitals are not identified by name. The administration shall make the data and calculations available for public inspection during regular business hours and shall provide copies of the data and calculations to individuals requesting such copies within thirty days of receipt of a written request. The administration may charge a reasonable fee for the provision of the data or information.

8. The prospective tiered per diem payment methodology for inpatient hospital services shall include a mechanism for the prospective payment of inpatient hospital capital related costs. The capital payment shall include hospital specific and statewide average amounts. For tiered per diem rates beginning on October 1, 1999, the capital related cost component is frozen at the blended rate of forty per cent of the hospital specific capital cost and sixty per cent of the statewide average capital cost in effect as of January 1, 1999 and as further adjusted by the calculation of tier rates for maternity and nursery as prescribed by law. Through September 30, 2011, the administration shall adjust the capital related cost component by the data resources incorporated market basket index for prospective payment system hospitals.

9. For graduate medical education programs:

(a) Beginning September 30, 1997, the administration shall establish a separate graduate medical education program to reimburse hospitals that had graduate medical education programs that were approved by the administration as of October 1, 1999. The administration shall separately account for monies for the graduate medical education program based on the total reimbursement for graduate medical education reimbursed to hospitals by the system in federal fiscal year 1995-1996 pursuant to the tiered per diem methodology specified in this section. The graduate medical education program reimbursement shall be adjusted annually by the

increase or decrease in the index published by the global insight hospital market basket index for prospective hospital reimbursement. Subject to legislative appropriation, on an annual basis, each qualified hospital shall receive a single payment from the graduate medical education program that is equal to the same percentage of graduate medical education reimbursement that was paid by the system in federal fiscal year 1995-1996. Any reimbursement for graduate medical education made by the administration shall not be subject to future settlements or appeals by the hospitals to the administration. The monies available under this subdivision shall not exceed the fiscal year 2005-2006 appropriation adjusted annually by the increase or decrease in the index published by the global insight hospital market basket index for prospective hospital reimbursement, except for monies distributed for expansions pursuant to subdivision (b) of this paragraph.

(b) The monies available for graduate medical education programs pursuant to this subdivision shall not exceed the fiscal year 2006-2007 appropriation adjusted annually by the increase or decrease in the index published by the global insight hospital market basket index for prospective hospital reimbursement. Graduate medical education programs eligible for such reimbursement are not precluded from receiving reimbursement for funding under subdivision (c) of this paragraph. Beginning July 1, 2006, the administration shall distribute any monies appropriated for graduate medical education above the amount prescribed in subdivision (a) of this paragraph in the following order or priority:

(i) For the direct costs to support the expansion of graduate medical education programs established before July 1, 2006 at hospitals that do not receive payments pursuant to subdivision (a) of this paragraph. These programs must be approved by the administration.

(ii) For the direct costs to support the expansion of graduate medical education programs established on or before October 1, 1999. These programs must be approved by the administration.

(c) The administration shall distribute to hospitals any monies appropriated for graduate medical education above the amount prescribed in subdivisions (a) and (b) of this paragraph for the following purposes:

(i) For the direct costs of graduate medical education programs established or expanded on or after July 1, 2006. These programs must be approved by the administration.

(ii) For a portion of additional indirect graduate medical education costs for programs that are located in a county with a population of less than five hundred thousand persons at the time the residency position was created or for a residency position that includes a rotation in a county with a population of less than five hundred thousand persons at the time the residency position was established. These programs must be approved by the administration.

(d) The administration shall develop, by rule, the formula by which the monies are distributed.

(e) Each graduate medical education program that receives funding pursuant to subdivision (b) or (c) of this paragraph shall identify and report to the administration the number of new residency positions created by the funding provided in this paragraph, including positions in rural

areas. The program shall also report information related to the number of funded residency positions that resulted in physicians locating their
Ch. 10 ~~practice~~ PRACTICES in this state. The administration shall report to the joint legislative budget committee by February 1 of each year on the number of new residency positions as reported by the graduate medical education programs.

(f) Local, county and tribal governments and any university under the jurisdiction of the Arizona board of regents may provide monies in addition to any state general fund monies appropriated for graduate medical education in order to qualify for additional matching federal monies for providers, programs or positions in a specific locality and costs incurred pursuant to a specific contract between the administration and providers or other entities to provide graduate medical education services as an administrative activity. Payments by the administration pursuant to this subdivision may be limited to those providers designated by the funding entity and may be based on any methodology deemed appropriate by the administration, including replacing any payments that might otherwise have been paid pursuant to subdivision (a), (b) or (c) of this paragraph had sufficient state general fund monies or other monies been appropriated to fully fund those payments. These programs, positions, payment methodologies and administrative graduate medical education services must be approved by the administration and the centers for medicare and medicaid services. The administration shall report to the president of the senate, the speaker of the house of representatives and the director of the joint legislative budget committee on or before July 1 of each year on the amount of money contributed and number of residency positions funded by local, county and tribal governments, including the amount of federal matching monies used.

(g) Any funds appropriated but not allocated by the administration for subdivision (b) or (c) of this paragraph may be reallocated if funding for either subdivision is insufficient to cover appropriate graduate medical education costs.

10. Notwithstanding section 41-1005, subsection A, paragraph 9, the administration shall adopt rules pursuant to title 41, chapter 6 establishing the methodology for determining the prospective tiered per
Ch. 202 diem payments that are in effect through September 30, ~~2013~~ 2014.

11. For inpatient hospital services rendered on or after October 1, 2011, the prospective tiered per diem payment rates are permanently reset
Chs. 10 and 202 to the amounts payable for those services as of ~~September 30~~ OCTOBER 1, 2011 pursuant to this subsection.

12. The administration shall ~~obtain legislative approval before adopting~~ ADOPT a DIAGNOSIS-RELATED GROUP BASED hospital reimbursement methodology consistent with title XIX of the social security act for inpatient dates of service on and after October 1, ~~2013~~ 2014. THE
Ch. 202 ADMINISTRATION MAY MAKE ADDITIONAL ADJUSTMENTS TO THE INPATIENT HOSPITAL RATES ESTABLISHED PURSUANT TO THIS SECTION FOR HOSPITALS THAT ARE PUBLICLY OPERATED OR BASED ON OTHER FACTORS, INCLUDING THE NUMBER OF BEDS IN THE HOSPITAL, THE SPECIALTY SERVICES AVAILABLE TO PATIENTS, THE GEOGRAPHIC LOCATION AND DIAGNOSIS-RELATED GROUP CODES THAT ARE MADE PUBLICLY AVAILABLE BY THE HOSPITAL PURSUANT TO SECTION 36-437. THE ADMINISTRATION

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MAY ALSO PROVIDE ADDITIONAL REIMBURSEMENT FOR EXTRAORDINARILY HIGH COST CASES THAT EXCEED A THRESHOLD ABOVE THE STANDARD PAYMENT. THE ADMINISTRATION MAY ALSO ESTABLISH A SEPARATE PAYMENT METHODOLOGY FOR SPECIFIC SERVICES OR HOSPITALS SERVING UNIQUE POPULATIONS.

H. The director may adopt rules that specify enrollment procedures, including notice to contractors of enrollment. The rules may provide for varying time limits for enrollment in different situations. The administration shall specify in contract when a person who has been determined eligible will be enrolled with that contractor and the date on which the contractor will be financially responsible for health and medical services to the person.

I. The administration may make direct payments to hospitals for hospitalization and medical care provided to a member in accordance with this article and rules. The director may adopt rules to establish the procedures by which the administration shall pay hospitals pursuant to this subsection if a contractor fails to make timely payment to a hospital. Such payment shall be at a level determined pursuant to section 36-2904, subsection H or I. The director may withhold payment due to a contractor in the amount of any payment made directly to a hospital by the administration on behalf of a contractor pursuant to this subsection.

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J. The director shall establish a special unit within the administration for the purpose of monitoring the third[-]party payment collections required by contractors and noncontracting providers pursuant to section 36-2903, subsection B, paragraph 10 and subsection F and section 36-2915, subsection E. The director shall determine by rule:

1. The type of third[-]party payments to be monitored pursuant to this subsection.

2. The percentage of third[-]party payments that is collected by a contractor or noncontracting provider and that the contractor or noncontracting provider may keep and the percentage of such payments that the contractor or noncontracting provider may be required to pay to the administration. Contractors and noncontracting providers must pay to the administration one hundred per cent of all third[-]party payments that are collected and that duplicate administration fee-for-service payments. A contractor that contracts with the administration pursuant to section 36-2904, subsection A may be entitled to retain a percentage of third[-]party payments if the payments collected and retained by a contractor are reflected in reduced capitation rates. A contractor may be required to pay the administration a percentage of third[-]party payments that are collected by a contractor and that are not reflected in reduced capitation rates.

K. The administration shall establish procedures to apply to the following if a provider that has a contract with a contractor or noncontracting provider seeks to collect from an individual or financially responsible relative or representative a claim that exceeds the amount that is reimbursed or should be reimbursed by the system:

1. On written notice from the administration or oral or written notice from a member that a claim for covered services may be in violation of this section, the provider that has a contract with a contractor or noncontracting provider shall investigate the inquiry and verify whether

the person was eligible for services at the time that covered services were provided. If the claim was paid or should have been paid by the system, the provider that has a contract with a contractor or noncontracting provider shall not continue billing the member.

2. If the claim was paid or should have been paid by the system and the disputed claim has been referred for collection to a collection agency or referred to a credit reporting bureau, the provider that has a contract with a contractor or noncontracting provider shall:

(a) Notify the collection agency and request that all attempts to collect this specific charge be terminated immediately.

(b) Advise all credit reporting bureaus that the reported delinquency was in error and request that the affected credit report be corrected to remove any notation about this specific delinquency.

(c) Notify the administration and the member that the request for payment was in error and that the collection agency and credit reporting bureaus have been notified.

3. If the administration determines that a provider that has a contract with a contractor or noncontracting provider has billed a member for charges that were paid or should have been paid by the administration, the administration shall send written notification by certified mail or other service with proof of delivery to the provider that has a contract with a contractor or noncontracting provider stating that this billing is in violation of federal and state law. If, twenty-one days or more after receiving the notification, a provider that has a contract with a contractor or noncontracting provider knowingly continues billing a member for charges that were paid or should have been paid by the system, the administration may assess a civil penalty in an amount equal to three times the amount of the billing and reduce payment to the provider that has a contract with a contractor or noncontracting provider accordingly. Receipt of delivery signed by the addressee or the addressee's employee is prima facie evidence of knowledge. Civil penalties collected pursuant to this subsection shall be deposited in the state general fund. Section 36-2918, subsections C, D and F, relating to the imposition, collection and enforcement of civil penalties, apply to civil penalties imposed pursuant to this paragraph.

L. The administration may conduct postpayment review of all claims paid by the administration and may recoup any monies erroneously paid. The director may adopt rules that specify procedures for conducting postpayment review. A contractor may conduct a postpayment review of all claims paid by the contractor and may recoup monies that are erroneously paid.

M. Subject to title 41, chapter 4, article 4, the director or the director's designee may employ and supervise personnel necessary to assist the director in performing the functions of the administration.

N. The administration may contract with contractors for obstetrical care who are eligible to provide services under title XIX of the social security act.

O. Notwithstanding any other law, on federal approval the administration may make disproportionate share payments to private hospitals, county operated hospitals, including hospitals owned or leased

by a special health care district, and state operated institutions for mental disease beginning October 1, 1991 in accordance with federal law and subject to legislative appropriation. If at any time the administration receives written notification from federal authorities of any change or difference in the actual or estimated amount of federal funds available for disproportionate share payments from the amount reflected in the legislative appropriation for such purposes, the administration shall provide written notification of such change or difference to the president and the minority leader of the senate, the speaker and the minority leader of the house of representatives, the director of the joint legislative budget committee, the legislative committee of reference and any hospital trade association within this state, within three working days not including weekends after receipt of the notice of the change or difference. In calculating disproportionate share payments as prescribed in this section, the administration may use either a methodology based on claims and encounter data that is submitted to the administration from contractors or a methodology based on data that is reported to the administration by private hospitals and state operated institutions for mental disease. The selected methodology applies to all private hospitals and state operated institutions for mental disease qualifying for disproportionate share payments. For the purposes of this subsection, "disproportionate share payment" means a payment to a hospital that serves a disproportionate share of low-income patients as described by 42 United States Code section 1396r-4.

P. Notwithstanding any law to the contrary, the administration may receive confidential adoption information to determine whether an adopted child should be terminated from the system.

Q. The adoption agency or the adoption attorney shall notify the administration within thirty days after an eligible person receiving services has placed that person's child for adoption.

R. If the administration implements an electronic claims submission system, it may adopt procedures pursuant to subsection G of this section requiring documentation different than prescribed under subsection G, paragraph 4 of this section.

S. In addition to any requirements adopted pursuant to subsection D, paragraph 4 of this section, notwithstanding any other law, subject to approval by the centers for medicare and medicaid services, beginning July 1, 2011, members eligible pursuant to section 36-2901, paragraph 6, subdivision (a), section 36-2931 and section 36-2981, paragraph 6 shall pay the following:

1. A monthly premium of fifteen dollars, except that the total monthly premium for an entire household shall not exceed sixty dollars.

2. A copayment of five dollars for each physician office visit.

3. A copayment of ten dollars for each urgent care visit.

4. A copayment of thirty dollars for each emergency department visit.

EXPLANATION OF BLEND
SECTION 38-727

Laws 2013, Chapters 122 and 217

Laws 2013, Ch. 122, section 1	Effective September 13, 2013
Laws 2013, Ch. 217, section 2	Effective September 13, 2013

Explanation

Since the Ch. 217 version includes all of the changes made by the Ch. 122 version, the Laws 2013, Ch. 217 amendment of section 38-727 is the blend of both the Laws 2013, Ch. 122 and Ch. 217 versions.

BLEND OF SECTION 38-727
Laws 2013, Chapters 122 and 217

38-727. Eligibility; options

Ch. 217 — [A.] The following provisions apply to all employees hired on or after the effective date:

1. All employees and officers of this state and all officers and employees of political subdivisions establishing a retirement plan administered by the board pursuant to this article who as a result of state service or service for the political subdivision are included in agreements providing for their coverage under the federal old age and survivors insurance system are subject to this article, except that membership is not mandatory:

(a) On the part of any employee who is eligible and who elects to participate in the optional retirement programs established by the Arizona board of regents pursuant to the authority conferred by section 15-1628 or by a community college district board pursuant to authority conferred by section 15-1451.

Ch. 217 — (b) For a state elected official who is subject to term limits, WHO IS ELECTED OR APPOINTED BEFORE JANUARY 1, 2014, who is eligible for participation in ASRS because the state elected official elected not to participate in the elected officials' retirement plan as provided in section 38-804, subsection A and who elects not to participate in ASRS as provided in paragraph 7 of this section.

(c) On the part of any employee or officer who is eligible to participate and who participates in the elected officials' retirement plan pursuant to article 3 of this chapter, THE ELECTED OFFICIALS' DEFINED CONTRIBUTION RETIREMENT SYSTEM PURSUANT TO ARTICLE 3.1 OF THIS CHAPTER, the public safety personnel retirement system pursuant to article 4 of this chapter or the corrections officer retirement plan pursuant to article 6 of this chapter.

2. All employees and officers of political subdivisions whose compensation is provided wholly or in part from state monies and who are declared to be state employees and officers by the legislature for retirement purposes are subject, on legislative enactment, to this article and are members of ASRS.

3. Any member whose service terminates other than by death or withdrawal from membership is deemed to be a member of ASRS until the member's death benefit is paid.

4. Employees and officers shall not become members of ASRS and, if they are members immediately before becoming employed as provided by this section, shall have their membership status suspended while they are employed by state departments paying the salaries of their officers and employees wholly or in part from monies received from sources other than appropriations from the state general fund for the period or periods

payment of the employer contributions is not made by or on behalf of the departments.

5. Notwithstanding other provisions of this section, a temporary employee of the legislature whose projected term of employment is for not more than six months is ineligible for membership in ASRS. If the employment continues beyond six successive months, the employee may elect to either:

(a) Receive credit for service for the first six months of employment and establish membership in ASRS as of the beginning of the current term of employment if, within forty-five days after the first six months of employment, both the employer and the employee contribute to ASRS the amount that would have been required to be contributed to ASRS during the first six months of employment as if the employee had been a member of ASRS during those six months.

(b) Establish membership in ASRS as of the day following the completion of six months of employment.

6. A person who is employed in postgraduate training in an approved medical residency training program of an employer or a postdoctoral scholar who is employed by a university under the jurisdiction of the Arizona board of regents is ineligible for membership in ASRS.

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7. A state elected official who is subject to term limits, WHO IS ELECTED OR APPOINTED BEFORE JANUARY 1, 2014 and who is eligible for participation in ASRS because the state elected official elected not to participate in the elected officials' retirement plan as provided in section 38-804, subsection A may elect not to participate in ASRS. The election not to participate is specific for that term of office. The state elected official who is subject to term limits shall make the election in writing and file the election with ASRS within thirty days after the elected official's retirement plan mails the notice to the state elected official of the state elected official's eligibility to participate in ASRS. The election is effective on the first day of the state elected official's eligibility. If a state elected official who is subject to term limits fails to make an election as provided in this paragraph, the state elected official is deemed to have elected to participate in ASRS. The election not to participate in ASRS is irrevocable and constitutes a waiver of all benefits provided by ASRS for the state elected official's entire term, except for any benefits accrued by the state elected official in ASRS for periods of participation before being elected to an office subject to term limits or any benefits expressly provided by law.

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~~8. Every full-time superior court commissioner who is appointed on or after July 1 of the first fiscal year after the social security administration approves the inclusion of superior court commissioners on this state's section 218 agreement is a member of ASRS and is subject to this article.~~

~~9.~~ 8. Before July 1, 2015, a person may elect not to participate in ASRS if the person becomes employed by an employer after the person has attained at least sixty-five years of age, is not an active member, inactive member, retired member or receiving benefits pursuant to article 2.1 of this chapter and does not have any credited service or prior

service in ASRS. The employee shall make the election not to participate in writing and file the election with ASRS within thirty days of employment. The election not to participate is irrevocable for the remainder of the person's employment for which the person made the election and constitutes a waiver of all benefits provided by the Arizona state retirement system. The period the person works is not eligible for purchase under section 38-743 or 38-744.

B. THE FOLLOWING ELECTED OFFICIALS ARE SUBJECT TO THIS ARTICLE IF THE MEMBER'S EMPLOYER IS AN EMPLOYER UNDER ARTICLE 3 OF THIS CHAPTER AND THE MEMBER ELECTS TO PARTICIPATE IN ASRS PURSUANT TO SUBSECTION C OF THIS SECTION:

1. A STATE ELECTED OFFICIAL WHO IS SUBJECT TO TERM LIMITS, WHO IS ELECTED OR APPOINTED ON OR BEFORE DECEMBER 31, 2013 AND WHO IS AN ACTIVE OR INACTIVE MEMBER OF ASRS BECAUSE THE STATE ELECTED OFFICIAL HAD PREVIOUSLY ELECTED NOT TO PARTICIPATE IN THE ELECTED OFFICIALS' RETIREMENT PLAN AS PROVIDED IN SECTION 38-804, SUBSECTION A.

2. NOTWITHSTANDING ANY EXCLUSION FROM AN AGREEMENT PROVIDING FOR COVERAGE UNDER THE FEDERAL OLD AGE AND SURVIVORS INSURANCE SYSTEM, AN ELECTED OFFICIAL, AS DEFINED IN SECTION 38-831, WHO IS AN ACTIVE OR INACTIVE MEMBER OF ASRS, IF THE ELECTED OFFICIAL'S EMPLOYER IS A PARTICIPATING EMPLOYER UNDER THIS ARTICLE.

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C. IF AN ELECTED OFFICIAL AS DESCRIBED IN SUBSECTION B OF THIS SECTION ELECTS TO CONTINUE OR RESUME THE MEMBER'S PARTICIPATION IN ASRS, THE ELECTION SHALL BE MADE IN WRITING AND FILED WITH ASRS WITHIN THIRTY DAYS AFTER THE ELECTED OFFICIAL'S TERM BEGINS. THE ELECTION IS IRREVOCABLE FOR THE REMAINDER OF THE ELECTED OFFICIAL'S TERM FOR WHICH THE ELECTION WAS MADE. IF THE ELECTED OFFICIAL DOES NOT MAKE AN ELECTION UNDER THIS SUBSECTION, THE ELECTED OFFICIAL SHALL BE ENROLLED IN THE ELECTED OFFICIALS' DEFINED CONTRIBUTION RETIREMENT SYSTEM PURSUANT TO ARTICLE 3.1 OF THIS CHAPTER.

EXPLANATION OF BLEND
SECTION 38-782

Laws 2013, Chapters 110 and 217

Laws 2013, Ch. 110, section 10	Effective September 13, 2013
Laws 2013, Ch. 217, section 3	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 110 and Ch. 217 text changes to section 38-782 are blended in the form shown on the following pages.

BLEND OF SECTION 38-782
Laws 2013, First Regular Session, Chapters 110 and 217

38-782. Group health and accident coverage for retired public employees and elected officials and their dependents; definition

Ch. 110

A. The board shall establish group health and accident coverage for eligible retired, SURVIVING and disabled members and their dependents. ~~Eligible retired and disabled members are those members who are receiving retirement benefits from ASRS or long-term disability benefits pursuant to section 38-651.03 or article 2.1 of this chapter and who elect not to obtain health and accident insurance through their former employer.~~ THE BOARD MAY ESTABLISH A SELF-INSURANCE PROGRAM FOR THE PURPOSES OF THIS SUBSECTION IF THE BOARD DETERMINES THAT SELF-INSURING WOULD BE LESS EXPENSIVE THAN AND AT LEAST AS EFFECTIVE AS A FULLY INSURED PLAN, WHILE CONSIDERING THE RISKS AND COSTS. IF THE BOARD ESTABLISHES A SELF-INSURANCE PROGRAM, THE BOARD SHALL PROVIDE THAT THE SELF-INSURANCE PROGRAM INCLUDE ALL HEALTH COVERAGE BENEFITS THAT ARE REQUIRED PURSUANT TO TITLE 20. ASRS SHALL ESTABLISH A SEPARATE ACCOUNT FOR ANY SELF-INSURANCE PROGRAM ESTABLISHED PURSUANT TO THIS SECTION IN AN AMOUNT DETERMINED APPROPRIATE BY ASRS. ASRS SHALL NOT USE OR DIVERT ANY PART OF THE CORPUS OR INCOME OF THE ACCOUNT FOR ANY PURPOSE OTHER THAN TO ADMINISTER THE SELF-INSURANCE PROGRAM UNLESS THE BOARD DETERMINES THAT A SELF-INSURANCE PROGRAM SHOULD NO LONGER BE OFFERED. IF A SELF-INSURANCE PROGRAM IS NO LONGER OFFERED, MONIES IN THE ACCOUNT SHALL BE TRANSFERRED TO ANOTHER ACCOUNT OF ASRS AS DETERMINED BY ASRS. If an insured retired or disabled member dies before the insured member's dependent beneficiary or an insured surviving dependent, the dependent beneficiary or insured surviving dependent is entitled to coverage at group rates if the dependent beneficiary or surviving dependent elects to continue in the coverage within six months of the insured member's death and the dependent beneficiary or surviving dependent agrees to pay the cost of the premium for group health and accident insurance. On notification of the insured member's death, the board shall immediately notify a dependent beneficiary or an insured surviving dependent of the provisions of this section.

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B. Retired members of the public safety personnel retirement system, the elected officials' retirement plan, THE ELECTED OFFICIALS' DEFINED CONTRIBUTION RETIREMENT SYSTEM ESTABLISHED PURSUANT TO ARTICLE 3.1 OF THIS CHAPTER, the corrections officer retirement plan or the optional retirement programs authorized pursuant to sections 15-1451 and 15-1628 and their dependents who are receiving benefits from the public safety personnel retirement system, the elected officials' retirement plan, THE ELECTED OFFICIALS' DEFINED CONTRIBUTION RETIREMENT SYSTEM ESTABLISHED PURSUANT TO ARTICLE 3.1 OF THIS CHAPTER, the corrections officer retirement plan or the optional retirement programs authorized pursuant to

sections 15-1451 and 15-1628 and who are not covered by section 38-651.01 may participate in group health and accident coverage provided pursuant to this section. On the death of an insured member of the public safety personnel retirement system, the elected officials' retirement plan, THE ELECTED OFFICIALS' DEFINED CONTRIBUTION RETIREMENT SYSTEM ESTABLISHED PURSUANT TO ARTICLE 3.1 OF THIS CHAPTER, the corrections officer retirement plan or the optional retirement programs authorized pursuant to sections 15-1451 and 15-1628, the insured surviving dependent is entitled to coverage at group rates. Except as provided in subsection H of this section, the surviving dependent shall be charged amounts that are sufficient to pay for the premium and administrative expense of providing the coverage.

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Ch. 110 C. The board may enter into agreements with retired, SURVIVING and disabled members of ASRS AND RETIRED MEMBERS OF THE ELECTED OFFICIALS' DEFINED CONTRIBUTION RETIREMENT SYSTEM ESTABLISHED PURSUANT TO ARTICLE 3.1 OF THIS CHAPTER who elect to obtain the coverage provided pursuant to subsection A of this section. Those agreements may include provisions for the deduction from the retirement benefits of the members who elect to obtain the coverage of amounts sufficient to pay for the premium not covered under retirement benefits and the administrative expense of providing the coverage.

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D. The board of trustees of the public safety personnel retirement system may enter into agreements with retired members of the public safety personnel retirement system, the elected officials' retirement plan, the corrections officer retirement plan and their dependents who elect to obtain the coverage provided pursuant to this section. Those agreements may include provisions for the deduction from the retirement benefits of the members who elect to obtain the coverage of amounts sufficient to pay for the premium not covered under their retirement benefits and the administrative expense of providing the coverage.

E. The board may enter into agreements with retired members of the optional retirement programs authorized pursuant to sections 15-1451 and 15-1628 and their dependents who elect to obtain the coverage provided pursuant to this section. Those agreements may include provisions for the payment of amounts sufficient to pay for the premium and administrative expense of providing the coverage.

F. If an insured member receiving long-term disability benefits pursuant to article 2.1 of this chapter becomes ineligible for the long-term disability benefits, the member and the covered dependents of the member may continue to participate in the group health and accident coverage provided pursuant to this section subject to the following conditions:

1. Participation in the coverage is limited to twelve months from the date the member ceases eligibility for benefits under article 2.1 of this chapter or the member commences employment, whichever occurs first.

2. The member shall pay the full premium cost of the coverage selected, and the member is not eligible for benefits pursuant to section 38-783.

3. If a member who participates in the coverage dies during the twelve month period provided by this subsection, covered dependents of the

member may continue coverage after the death of the member through the end of the twelve month period. Covered dependents of the member who continue coverage pursuant to this paragraph shall pay the full premium cost of the coverage selected and are not eligible for benefits pursuant to section 38-783.

Ch. 110 G. Retired, SURVIVING or disabled members who are not eligible for medicare, who live in this state, who enroll in a qualifying health maintenance organization under this section and who reside outside the area of a qualifying health maintenance organization shall be offered the option of enrolling with a qualified health maintenance organization offered through their provider under the same premiums as if they lived within the area boundaries of the qualified health maintenance organization provided that:

1. All medical services are rendered and received at an office designated by the qualifying health maintenance organization or at a facility referred by the health maintenance organization.

2. All nonemergency or nonurgent travel, ambulatory and other expenses from the residence area of the member to the designated office of the qualifying health maintenance organization or the facility referred by the health maintenance organization are the responsibility of and at the expense of the member.

3. All emergency or urgent travel, ambulatory and other expenses from the residence area of the member to the designated office of the qualifying health maintenance organization or the facility referred by the health maintenance organization shall be paid pursuant to any agreement between the health maintenance organization and the member living outside the area of the qualifying health maintenance organization.

H. Public monies shall not be spent to pay all or any part of the insurance premium pursuant to this section except for monies authorized to be paid for any insured from the retirement plan from which the insured is receiving benefits.

Ch. 217 I. A RETIRED MEMBER OF THE ELECTED OFFICIALS' DEFINED CONTRIBUTION RETIREMENT SYSTEM ESTABLISHED PURSUANT TO ARTICLE 3.1 OF THIS CHAPTER MAY ELECT TO OBTAIN THE COVERAGE PROVIDED PURSUANT TO SUBSECTION A OF THIS SECTION, BUT SHALL PAY THE PREMIUM FOR THE COVERAGE SELECTED AND IS NOT ELIGIBLE FOR BENEFITS PURSUANT TO SECTION 38-783 OR 38-817.

Ch. 110 J. FOR THE PURPOSES OF THIS SECTION, "ELIGIBLE RETIRED, SURVIVING AND DISABLED MEMBER" MEANS A RETIRED MEMBER WHO IS RECEIVING RETIREMENT BENEFITS FROM ASRS, A DESIGNATED BENEFICIARY OF A DECEASED MEMBER WHO IS RECEIVING A SURVIVOR BENEFIT PURSUANT TO SECTION 38-762, SUBSECTION C AS MONTHLY INCOME OR A DISABLED MEMBER WHO IS RECEIVING LONG-TERM DISABILITY BENEFITS PURSUANT TO SECTION 38-651.03 OR ARTICLE 2.1 OF THIS CHAPTER, AND WHO DOES NOT OTHERWISE ELECT TO OBTAIN COVERAGE UNDER A GROUP HEALTH AND ACCIDENT INSURANCE PLAN OR PROGRAM.

EXPLANATION OF BLEND
SECTION 38-801

Laws 2013, Chapters 111, 122 and 217

Laws 2013, Ch. 111, section 1	Effective September 13, 2013
Laws 2013, Ch. 122, section 2	Effective September 13, 2013
Laws 2013, Ch. 217, section 4	Effective September 13, 2013

Explanation

Since these three enactments are not incompatible, the Laws 2013, Ch. 111, Ch. 122 and Ch. 217 text changes to section 38-801 are blended in the form shown on the following pages.

BLEND OF SECTION 38-801
Laws 2013, Chapters 111, 122 and 217

38-801. Definitions

In this article, unless the context otherwise requires:

1. "Accumulated contributions" means the sum of all member contributions deducted from the member's salary pursuant to section 38-810, subsection A plus the amount transferred to the fund on behalf of the member plus the amount deposited in the fund pursuant to section 38-816.

2. "Actuarial equivalent" means equality in present value of the aggregate amounts expected to be received under two different forms of payment, based on mortality and interest assumptions adopted by the board.

3. "Alternate payee" means the spouse or former spouse of a participant as designated in a domestic relations order.

4. "Alternate payee's portion" means benefits that are payable to an alternate payee pursuant to a plan approved domestic relations order.

5. "Average yearly salary" means the result obtained by dividing the total salary paid to an employee during a considered period by the number of years, including fractional years, in which the salary was received. The considered period shall be:

(a) For an elected official who becomes a member of the plan before January 1, 2012, the three consecutive years within the last ten completed years of credited service as an elected official that yield the highest average. If a member does not have three consecutive years of credited service as an elected official, the considered period is the member's last consecutive period of employment with a plan employer immediately before retirement.

(b) For an elected official who becomes a member of the plan on or after January 1, 2012, the five consecutive years within the last ten completed years of credited service as an elected official that yield the highest average. If a member does not have five consecutive years of credited service as an elected official, the considered period is the member's last consecutive period of employment with a plan employer immediately before retirement.

6. "Board" means the board of trustees of the system.

7. "Credited service" means the number of whole and fractional years of a member's service as an elected official after the elected official's effective date of participation for which member and employer contributions are on deposit with the fund, plus credited service transferred to the plan from another retirement system or plan for public employees of this state, plus service as an elected official before the elected official's effective date of participation that is being funded pursuant to a joinder agreement pursuant to ~~section 38-810, subsection C and~~ section 38-815 or service that was redeemed pursuant to section 38-816. Credited service does not include

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periods of service for which an active member is uncompensated by the employer and for which no contributions to the plan are made.

8. "Cure period" means the ninety-day period in which a participant or alternate payee may submit an amended domestic relations order and request a determination, calculated from the time the plan issues a determination finding that a previously submitted domestic relations order did not qualify as a plan approved domestic relations order.

9. "Determination" means a written document that indicates to a participant and alternate payee whether a domestic relations order qualifies as a plan approved domestic relations order.

10. "Determination period" means the ninety-day period in which the plan must review a domestic relations order that is submitted by a participant or alternate payee to determine whether the domestic relations order qualifies as a plan approved domestic relations order, calculated from the time the plan mails a notice of receipt to the participant and alternate payee.

11. "Direct rollover" means a payment by the plan to an eligible retirement plan that is specified by the distributee.

12. "Distributee" means a member, a member's surviving spouse or a member's spouse or former spouse who is the alternate payee under a plan approved domestic relations order.

13. "Domestic relations order" means an order of a court of this state that is made pursuant to the domestic relations laws of this state and that creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to, receive a portion of the benefits payable to a participant.

14. "Effective date of participation" means August 7, 1985, except with respect to employers and their elected officials whose contributions to the plan commence after that date, in which case the effective date of their participation in the plan is specified in the applicable joinder agreement.

15. "Elected official" means:

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(a) Every elected official of this state WHO WAS A MEMBER OF THE PLAN ON DECEMBER 31, 2013.

(b) Every elected official of each county of this state WHO WAS A MEMBER OF THE PLAN ON DECEMBER 31, 2013.

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(c) Every justice of the supreme court, ~~.~~

~~(d)~~ every judge of the court of appeals, ~~.~~

~~(e)~~ every judge of the superior court~~.~~

~~(f)~~ AND every full-time superior court commissioner ~~who is a member of the plan before July 1 of the first fiscal year after the social security administration approves the inclusion of superior court commissioners on this state's section 218 agreement~~, except full-time superior court commissioners who failed to make a timely election of membership under the judges' retirement plan, repealed on August 7, 1985, WHO WAS A MEMBER OF THE PLAN ON DECEMBER 31, 2013.

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~~(g)~~ (d) The administrator of the board if the administrator is a natural person but only if the administrator is employed by the board before January 1, 2012.

~~(h)~~ (e) Each elected official of an incorporated city or town whose employer has executed a proper joinder agreement for coverage of its elected officials AND WHO WAS A MEMBER OF THE PLAN ON DECEMBER 31, 2013.

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16. "Eligible child" means an unmarried child of a deceased active or retired member who meets one of the following qualifications:

(a) Is under eighteen years of age.

(b) Is at least eighteen years of age and under twenty-three years of age only during any period that the child is a full-time student.

(c) Is under a disability that began before the child attained twenty-three years of age and remains a dependent of the surviving spouse or guardian.

17. "Eligible retirement plan" means any of the following that accepts a distributee's eligible rollover distribution:

(a) An individual retirement account described in section 408(a) of the internal revenue code.

(b) An individual retirement annuity described in section 408(b) of the internal revenue code.

(c) An annuity plan described in section 403(a) of the internal revenue code.

(d) A qualified trust described in section 401(a) of the internal revenue code.

(e) An annuity contract described in section 403(b) of the internal revenue code.

(f) An eligible deferred compensation plan described in section 457(b) of the internal revenue code that is maintained by a state, a political subdivision of a state or any agency or instrumentality of a state or a political subdivision of a state and that agrees to separately account for amounts transferred into the eligible deferred compensation plan from this plan.

18. "Eligible rollover distribution" means a payment to a distributee, but does not include any of the following:

(a) Any distribution that is one of a series of substantially equal periodic payments made not less frequently than annually for the life or life expectancy of the member or the joint lives or joint life expectancies of the member and the member's beneficiary or for a specified period of ten years or more.

(b) Any distribution to the extent the distribution is required under section 401(a)(9) of the internal revenue code.

(c) The portion of any distribution that is not includable in gross income.

19. "Employer" means a department, agency or political subdivision of this state that makes employer contributions to the plan pursuant to section 38-810 on behalf of an elected official who participates in the plan.

20. "Fund" means the elected officials' retirement plan fund.

21. "Notice of receipt" means a written document that is issued by the plan to a participant and alternate payee and that states that the plan has received a domestic relations order and a request for a determination that the domestic relations order is a plan approved domestic relations order.

22. "Participant" means a member who is subject to a domestic relations order.

23. "Participant's portion" means benefits that are payable to a participant pursuant to a plan approved domestic relations order.

24. "Pension" means a series of monthly payments to a person who is entitled to receive benefits under the plan.

25. "Personal representative" means the personal representative of a deceased alternate payee.

Ch. 111 26. "PHYSICIAN" MEANS A PHYSICIAN WHO IS LICENSED PURSUANT TO TITLE 32, CHAPTER 13 OR 17.

~~26.~~ 27. "Plan" means the elected officials' retirement plan.

~~27.~~ 28. "Plan approved domestic relations order" means a domestic relations order that the plan approves as meeting all the requirements for a plan approved domestic relations order as otherwise prescribed in this article.

~~28.~~ 29. "Retired member" means a person who is being paid a pension based on the person's credited service as a member of the plan.

~~29.~~ 30. "Segregated funds" means the amount of benefits that would currently be payable to an alternate payee pursuant to a domestic relations order under review by the plan, or a domestic relations order submitted to the plan that failed to qualify as a plan approved domestic relations order, if the domestic relations order were determined to be a plan approved domestic relations order.

~~30.~~ 31. "System" means the public safety personnel retirement system.

EXPLANATION OF BLEND
SECTION 38-810

Laws 2013, Chapters 111 and 217

Laws 2013, Ch. 111, section 3	Effective September 13, 2013
Laws 2013, Ch. 217, section 6	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 111 and Ch. 217 text changes to section 38-810 are blended in the form shown on the following pages.

BLEND OF SECTION 38-810
Laws 2013, Chapters 111 and 217

38-810. Contributions; appropriations

A. Each member shall contribute to the fund an amount equal to the amount prescribed in subsection ~~F~~ G of this section. Contributions of members shall be made by payroll deductions. Every member is deemed to consent to these deductions. Payment of a member's compensation, less these payroll deductions, constitutes a full and complete discharge and satisfaction of all claims and demands by the member relating to remuneration for the member's services rendered during the period covered by the payment, except with respect to the benefits provided under the plan. A MEMBER MAY NOT, UNDER ANY CIRCUMSTANCE, BORROW FROM, TAKE A LOAN AGAINST OR REMOVE CONTRIBUTIONS FROM THE MEMBER'S ACCOUNT BEFORE THE TERMINATION OF MEMBERSHIP IN THE PLAN OR THE RECEIPT OF A PENSION.

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B. The board's office shall be credited monthly with monies collected pursuant to section 12-119.01, subsection B, paragraph 2, section 12-120.31, subsection D, paragraph 2, section 12-284.03, subsection A, paragraph 6, section 22-281, subsection C, paragraph 3 and section 41-178. The monies credited to the fund pursuant to this subsection shall be deposited in the fund on a monthly basis, and there shall be a complete accounting of the determination of these monies deposited in the fund.

C. BEGINNING ON JANUARY 1, 2014 THROUGH JUNE 30, 2044, EACH EMPLOYER SHALL MAKE LEVEL PER CENT COMPENSATION CONTRIBUTIONS OF TWENTY-THREE AND ONE-HALF PER CENT OF THE COMPENSATION OF ALL EMPLOYEES OF THE EMPLOYER WHO ARE EITHER MEMBERS UNDER THIS ARTICLE, ARTICLE 3.1 OF THIS CHAPTER OR ARTICLE 2 OF THIS CHAPTER PURSUANT TO SECTION 38-727, SUBSECTION B TO MEET THE NORMAL COST PLUS AN AMOUNT TO AMORTIZE THE UNFUNDED ACCRUED LIABILITY AND THE EMPLOYER'S CONTRIBUTION UNDER THE ELECTED OFFICIALS' DEFINED CONTRIBUTION RETIREMENT SYSTEM ESTABLISHED PURSUANT TO ARTICLE 3.1 OF THIS CHAPTER AND THE EMPLOYER'S CONTRIBUTION UNDER ARTICLE 2 OF THIS CHAPTER FOR MEMBERS ELIGIBLE PURSUANT TO SECTION 38-727, SUBSECTION B. THE EMPLOYER ALSO SHALL PAY THE AMOUNT REQUIRED BY SECTION 38-797.05 FOR MEMBERS UNDER ARTICLE 2 OF THIS CHAPTER WHO ARE ELIGIBLE PURSUANT TO SECTION 38-727, SUBSECTION B AND THE AMOUNT REQUIRED BY ARTICLE 3.2 OF THIS CHAPTER FOR MEMBERS UNDER ARTICLE 3.1 OF THIS CHAPTER. THE MONIES DEPOSITED IN THE FUND PURSUANT TO SUBSECTION B OF THIS SECTION SHALL BE USED TO SUPPLEMENT THE CONTRIBUTIONS REQUIRED OF ALL EMPLOYERS UNDER THE PLAN. THE EMPLOYER LEVEL PER CENT COMPENSATION CONTRIBUTION THAT IS PAID PURSUANT TO THIS SUBSECTION, LESS THE AMOUNT CONTRIBUTED BY THE EMPLOYER PURSUANT TO SECTION 38-833 AND SECTION 38-737 FOR MEMBERS ELIGIBLE PURSUANT TO SECTION 38-727, SUBSECTION B, SHALL NOT BE USED TO PAY FOR AN INCREASE IN BENEFITS THAT IS OTHERWISE PAYABLE TO MEMBERS BUT SHALL BE USED TO MEET THE NORMAL COST PLUS AN AMOUNT TO AMORTIZE THE UNFUNDED ACCRUED LIABILITY.

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~~C.~~ D. BEGINNING JULY 1, 2044, as determined by actuarial valuations performed by the plan's actuary, each employer shall make level per cent compensation contributions sufficient under the actuarial valuation to meet both the normal cost plus the actuarially determined amount required to amortize the unfunded accrued liability over~~, beginning July 1, 2005,~~ a rolling period of at least twenty and not more than thirty years that is established by the board taking into account the recommendation of the plan's actuary, except that~~, beginning with fiscal year 2006-2007,~~ the employer contribution rate shall not be less than ten per cent of salary. The monies deposited in the fund pursuant to subsection B of this section shall be used to ~~reduce~~ SUPPLEMENT the contributions required of ~~state and county~~ ALL employers ~~only~~ UNDER THE PLAN. ~~Employers that entered the plan under a joinder agreement shall also contribute an amount equal to the unfunded accrued liability for that employer. The unfunded liability for each new employer shall be actuarially determined by the plan's actuary as of the effective date of participation of each employer and shall be payable on the effective date of participation.~~ The minimum employer contribution that is paid and that is in excess of the normal cost plus the actuarially determined amount required to amortize the unfunded accrued liability as calculated pursuant to this subsection shall be used to reduce future employer contribution increases and shall not be used to pay for an increase in benefits that are otherwise payable to members. The board shall separately account for these monies in the fund. After the close of any fiscal year, if the plan's actuary determines that the actuarial valuation of the fund contains excess valuation assets and is more than one hundred per cent funded, the board shall account for fifty per cent of the excess valuation assets in a stabilization reserve account. After the close of any fiscal year, if the plan's actuary determines that the actuarial valuation of the fund has a valuation asset deficiency and an unfunded actuarial accrued liability, the board shall use any valuation assets in the stabilization reserve account, to the extent available, to limit the decline in the fund's funding ratio to not more than two per cent.

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~~D.~~ E. The department of administration and the treasurer of each county and participating city and town shall transfer to the board the contributions provided for in subsections A, ~~and~~ C AND D of this section within ten working days after each payroll date. The state, county treasurers and clerks of the superior court shall transfer the monies credited under subsection B of this section to the board on or before the fifteenth day of each calendar month that follows the month in which the court fees were collected. Contributions and monies credited under subsection B of this section and transferred after these dates shall include a penalty equal to ten per cent a year, compounded annually, for each day that the contributions or monies credited under subsection B of this section are late. Delinquent payments due under this subsection, together with interest charges as provided in this subsection and court costs, may be recovered by action in a court of competent jurisdiction against the person or persons responsible for the payments or, at the request of the board, may be deducted from any other monies, including excise revenue taxes, payable to a political subdivision by any department or agency of this state. If requested by the board, the state, county treasurers or clerks of the

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superior court shall transfer the monies credited under subsection B of this section, in an amount determined by the board, directly to the qualified governmental excess benefit arrangement established pursuant to section 38-803.01.

~~E.~~ F. The employer shall pay the member contributions required of members on account of compensation earned after August 7, 1985. The paid contributions shall be treated as employer contributions for the purpose of determining tax treatment under the United States internal revenue code. The effective date of the employer payment shall not be before the date the retirement plan has received notification from the United States internal revenue service that pursuant to section 414(h) of the United States internal revenue code the member contributions paid will not be included in gross income for income tax purposes until the paid contributions are distributed by refund or pension payments. The employer shall pay the member contributions from monies established and available in the retirement deduction account, which monies would otherwise have been designated as member contributions and paid to the retirement plan. Member contributions paid pursuant to this subsection shall be treated for all other purposes, in the same manner and to the same extent, as member contributions made before August 7, 1985.

~~F.~~ G. The amount contributed by a member pursuant to subsection A of this section is:

1. Through June 30, 2011, seven per cent of the member's gross salary.

2. For fiscal year 2011-2012, ten per cent of the member's gross salary.

3. For fiscal year 2012-2013, eleven and one-half per cent of the member's gross salary.

4. For fiscal year 2013-2014 and each fiscal year thereafter, thirteen per cent of the member's gross salary. ~~or 33.3 per cent of the sum of the member's contribution rate from the preceding fiscal year and the normal cost plus the actuarially determined amount required to amortize the unfunded accrued liability for the employer as calculated pursuant to subsection C of this section, whichever is lower, except that the member contribution rate shall not be less than seven per cent of the member's compensation and the employer contribution rate shall not be less than the rate prescribed in subsection C of this section.~~

~~G.~~ H. For fiscal year 2011-2012 and each fiscal year thereafter, the amount of the member's contribution that exceeds seven per cent of the member's compensation shall not be used to reduce the employer's contributions that are calculated pursuant to subsection C of this section.

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I. IN FISCAL YEARS 2013-2014 THROUGH 2042-2043, THE SUM OF $5,000,000 IS APPROPRIATED IN EACH FISCAL YEAR FROM THE STATE GENERAL FUND TO THE ELECTED OFFICIALS' RETIREMENT PLAN FUND TO SUPPLEMENT THE NORMAL COST PLUS AN AMOUNT TO AMORTIZE THE UNFUNDED ACCRUED LIABILITY PURSUANT TO SUBSECTION C OF THIS SECTION. MONIES APPROPRIATED PURSUANT TO THIS SUBSECTION SHALL NOT BE USED TO PAY FOR AN INCREASE IN BENEFITS THAT IS OTHERWISE PAYABLE TO MEMBERS AND SHALL ONLY BE USED AS SPECIFIED IN THIS SUBSECTION. MONIES APPROPRIATED PURSUANT TO THIS SUBSECTION ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

EXPLANATION OF BLEND
SECTION 38-847

Laws 2013, Chapters 203 and 216

Laws 2013, Ch. 203, section 7	Effective September 13, 2013
Laws 2013, Ch. 216, section 5	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 203 and Ch. 216 text changes to section 38-847 are blended in the form shown on the following pages.

BLEND OF SECTION 38-847
Laws 2013, Chapters 203 and 216

38-847. Local boards

A. The administration of the system and responsibility for making the provisions of the system effective for each employer are vested in a local board. The department of public safety, the Arizona game and fish department, the department of emergency and military affairs, the university of Arizona, Arizona state university, northern Arizona university, each county sheriff's office, each county attorney's office, each county parks department, each municipal fire department, each eligible fire district, each community college district, each municipal police department, the department of law, the department of liquor licenses and control, the Arizona department of agriculture, the Arizona state parks board, each Indian reservation police agency and each Indian reservation fire fighting agency shall have a local board. A nonprofit corporation operating pursuant to sections 28-8423 and 28-8424 shall have one local board for all of its members. Each local board shall be constituted as follows:

1. For political subdivisions or Indian tribes, the mayor or chief elected official or a designee of the mayor or chief elected official approved by the respective governing body as chairman, two members elected by secret ballot by members employed by the appropriate employer and two citizens, one of whom shall be the head of the merit system, or the head's designee from among the other members of the merit system, if it exists for the group of members, appointed by the mayor or chief elected official and with the approval of the governing body of the city or the governing body of the employer. The appointed two citizens shall serve on both local boards in a city or Indian tribes where both fire and police department employees are members.

2. For state agencies and nonprofit corporations operating pursuant to sections 28-8423 and 28-8424, two members elected by secret ballot by THE members employed by the appropriate employer and three citizens appointed by the governor. Each state agency local board shall elect a chairman. Ch. 216

3. For fire districts organized pursuant to section 48-804, the secretary-treasurer as chairman, two members elected by secret ballot by members employed by the fire district and two citizens appointed by the secretary-treasurer, one of whom is a resident of the fire district and one of whom has experience in personnel administration but who is not required to be a resident of the fire district.

4. FOR JOINT POWERS AUTHORITIES ORGANIZED PURSUANT TO SECTION 48-805.01, THE JOINT POWERS AUTHORITY BOARD CHAIRMAN OR A DESIGNEE APPROVED BY THE GOVERNING BODY, TWO MEMBERS ELECTED BY SECRET BALLOT BY MEMBERS EMPLOYED BY THE JOINT POWERS AUTHORITY AND TWO CITIZENS, ONE OF WHOM IS A RESIDENT OF ONE OF THE PARTNER ENTITIES AND ONE OF WHOM HAS EXPERIENCE IN PERSONNEL ADMINISTRATION BUT WHO IS NOT REQUIRED TO BE A RESIDENT OF A PARTNER ENTITY. Ch. 203

B. On the taking effect of this system for an employer, the appointments and elections of local board members shall take place with one elective and appointive local board member serving a term ending two years after the effective date of participation for the employer and other local board members serving a term ending four years after the effective date. Thereafter, every second year, and as a vacancy occurs, an office shall be filled for a term of four years in the same manner as previously provided.

C. Each local board shall be fully constituted pursuant to subsection A of this section within sixty days after the employer's effective date of participation in the system. If the deadline is not met, on the written request of any member who is covered by the local board or the employer to the board of trustees, the board of trustees may appoint all vacancies of the local board pursuant to subsection A of this section and designate whether each appointive position is for a two year or four year term. If the board of trustees cannot find individuals to serve on the local board who meet the requirements of subsection A of this section, the board of trustees may appoint individuals to serve as interim local board members until qualified individuals are appointed or elected. Each local board shall meet at least twice a year. Each member of a local board, within ten days after the member's appointment or election, shall take an oath of office that, so far as it devolves on the member, the member shall diligently and honestly administer the affairs of the local board and that the member shall not knowingly violate or willingly permit to be violated any of the provisions of law applicable to the system.

D. Except as limited by subsection E of this section, a local board shall have such powers as may be necessary to discharge the following duties:

Ch. 216 1. To decide all questions of eligibility ~~and~~ FOR MEMBERSHIP, service credits~~,~~ AND BENEFITS and determine the amount, manner and time of payment of any benefits under the system.

2. To prescribe procedures to be followed by claimants in filing applications for benefits.

3. To make a determination as to the right of any claimant to a benefit and to afford any claimant or the board of trustees, or both, a right to a rehearing on the original determination. Except as otherwise required by law, unless all parties involved in a matter presented to the local board for determination otherwise agree, the local board shall commence a hearing on the matter within ninety days after the date the matter is presented to the local board for determination. If a local board fails to commence a hearing as provided in this paragraph, on a matter presented to the local board for determination, the relief demanded by the party petitioning the local board is deemed granted and approved by the local board. The granting and approval of this relief is considered final and binding unless a timely request for rehearing or appeal is made as provided in this article, unless the board of trustees determines that granting the relief requested would violate the internal revenue code or threaten to impair the system's status as a qualified plan under the internal revenue code. If the board of trustees determines that granting the requested relief would violate the internal revenue code or threaten to impair the system's status as a qualified plan, the board of trustees may refuse to grant the relief by issuing a written determination to the local board and the party petitioning the local board for relief. The decision by the board of trustees is subject to judicial review pursuant to title 12, chapter 7, article 6.

4. To request and receive from the employers and from members such information as is necessary for the proper administration of the system and

Ch. 216 action on claims for ELIGIBILITY FOR MEMBERSHIP AND benefits, and to forward such information to the board of trustees.

5. To distribute, in such manner as the local board determines to be appropriate, information explaining the system received from the board of trustees.

6. To furnish the employer, the board of trustees and the legislature, on request, with such annual reports with respect to the administration of the system as are reasonable and appropriate.

7. To receive and review the actuarial valuation of the system for its group of members.

8. To receive and review reports of the financial condition and of the receipts and disbursements of the fund from the board of trustees.

9. To appoint medical boards as provided in section 38-859.

10. To sue and be sued to effectuate the duties and responsibilities set forth in this article.

E. A local board shall have no power to add to, subtract from, modify or waive any of the terms of the system, change or add to any benefits provided by the system or waive or fail to apply any requirement of eligibility for membership or benefits under the system. Notwithstanding any limitations periods imposed in this article, including subsection D, paragraph 3 and subsections G and H of this section, if the board of trustees determines a local board decision violates the internal revenue code or threatens to impair the system's status as a qualified plan under the internal revenue code, the local board's decision is not final and binding and the board of trustees may refrain from implementing or complying with the local board decision.

F. A local board, from time to time, shall establish and adopt such rules as it deems necessary or desirable for its administration. All rules and decisions of a local board shall be uniformly and consistently applied to all members in similar circumstances. If a claim or dispute is presented to a local board for determination but the local board has not yet adopted uniform rules of procedure for adjudication of the claim or dispute, the local board shall adopt and use the model uniform rules of local board procedure that are issued by the board of trustees' fiduciary counsel to adjudicate the claim or dispute.

G. Except as otherwise provided in this article, any action by a majority vote of the members of a local board that is not inconsistent with the provisions of the system and the internal revenue code shall be final, conclusive and binding on all persons affected by it unless a timely application for a rehearing or appeal is filed as provided in this article. No later than twenty days after taking action, the local board shall submit to the board of trustees the minutes from the local board meeting that include the name of the member affected by its decision, a description of the action taken and an explanation of the reasons and all documents submitted to the local board for the action taken, including the reports of a medical board. The board of trustees may not implement and comply with any local board action that does not comply with the internal revenue code or that threatens to jeopardize the system's status as a qualified plan under the internal revenue code.

H. A claimant or the board of trustees may apply for a rehearing before the local board within the time periods prescribed in this subsection, except that if a decision of a local board violates the internal revenue code

or threatens to jeopardize the system's status as a qualified plan under the internal revenue code, no limitation period for the board of trustees to seek a rehearing of a local board decision applies. An application for a rehearing shall be filed in writing with a member of the local board or its secretary within sixty days after:

1. The applicant-claimant receives notification of the local board's original action by certified mail, by attending the meeting at which the action is taken or by receiving benefits from the system pursuant to the local board's original action, whichever occurs first.

2. The applicant-board of trustees receives notification of the local board's original action as prescribed by subsection G of this section by certified mail.

I. A hearing before a local board on a matter remanded from the superior court is not subject to a rehearing before the local board.

J. Decisions of local boards are subject to judicial review pursuant to title 12, chapter 7, article 6.

K. When making a ruling, determination or calculation, the local board shall be entitled to rely on information furnished by the employer, a medical board, the board of trustees, independent legal counsel or the actuary for the system.

L. Each member of a local board is entitled to one vote. A majority is necessary for a decision by the members of a local board at any meeting of the local board.

M. The local board shall adopt such bylaws as it deems desirable. The local board shall elect a secretary who may, but need not, be a member of the local board. The secretary of the local board shall keep a record and prepare minutes of all meetings in compliance with chapter 3, article 3.1 of this title and forward the minutes and all necessary communications to the board of trustees as prescribed by subsection G of this section.

N. The fees of the medical board and of the local board's independent legal counsel and all other expenses of the local board necessary for the administration of the system shall be paid by the employer and not the board of trustees or system at such rates and in such amounts as the local board shall approve. Legal counsel that is employed by the local board is independent of the employer and any employee organization or member and owes its duty of loyalty only to the local board in connection with its representation of the local board.

O. The local board shall issue directions to the board of trustees concerning all benefits that are to be paid from the employer's account pursuant to the provisions of the fund. The local board shall keep on file, in such manner as it may deem convenient or proper, all reports from the board of trustees and the actuary.

P. The local board and the individual members of the local board shall be indemnified from the assets of the employer for any judgment against the local board or its members, including attorney fees and costs, arising from any act, or failure to act, made in good faith pursuant to the provisions of the system, including expenses reasonably incurred in the defense of any claim relating to the act or failure to act.

EXPLANATION OF BLEND
SECTION 38-848

Laws 2013, Chapters 203 and 217

Laws 2013, Ch. 203, section 8	Effective September 13, 2013
Laws 2013, Ch. 217, section 9	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 203 and Ch. 217 text changes to section 38-848 are blended in the form shown on the following pages.

BLEND OF SECTION 38-848
Laws 2013, Chapters 203 and 217

38-848. Board of trustees; powers and duties; independent trust fund; administrator; agents and employees

A. The board of trustees shall consist of seven members and shall have the rights, powers and duties that are set forth in this section. The term of office of members shall be five years to expire on the third Monday in January of the appropriate year. Members are eligible to receive compensation in an amount of fifty dollars a day, but not to exceed one thousand dollars in any one fiscal year, and are eligible for reimbursement of expenses pursuant to chapter 4, article 2 of this title. The board consists of the following members appointed by the governor pursuant to section 38-211:

1. Two elected members from a local board to represent the employees.

2. One member to represent this state as an employer of public safety personnel. This member shall have the qualifications prescribed in subsection T of this section.

3. One member to represent the cities as employers of public safety personnel.

4. An elected county or state official or a judge of the superior court, court of appeals or supreme court.

5. Two public members. These members shall have the qualifications prescribed in subsection T of this section.

B. All monies in the fund shall be deposited and held in a public safety personnel retirement system depository. Monies in the fund shall be disbursed from the depository separate and apart from all monies or funds of this state and the agencies, instrumentalities and subdivisions of this state, except that the board may commingle the assets of the fund and the assets of all other plans entrusted to its management in one or more group trusts, subject to the crediting of receipts and earnings and charging of payments to the appropriate employer, system or plan. The monies shall be secured by the depository in which they are deposited and held to the same extent and in the same manner as required by the general depository law of this state. For purposes of making the decision to invest in securities owned by the fund or any plan OR TRUST administered by the board, the fund and assets of the plans AND THE PLANS' TRUSTS are subject to the sole management of the board for the purpose of this article except that, on the board's election to invest in a particular security or make a particular investment, the assets comprising the security or investment may be chosen and managed by third parties approved by the board. The board may invest in portfolios of securities chosen and managed by a third party. The board's decision to invest in securities such as mutual funds, commingled investment funds, exchange traded funds, private equity or venture capital limited partnerships, real estate limited partnerships or limited liability companies

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and real estate investment trusts whose assets are chosen and managed by third parties does not constitute an improper delegation of the board's investment authority.

C. All contributions under this system and other retirement plans that the board administers shall be forwarded to the board and shall be held, invested and reinvested by the board as provided in this article. All property and monies of the fund and other retirement plans that the board administers, including income from investments and from all other sources, shall be retained for the exclusive benefit of members, as provided in the system and other retirement plans that the board administers, and shall be used to pay benefits to members or their beneficiaries or to pay expenses of operation and administration of the system and fund and other retirement plans that the board administers.

D. The board shall have the full power in its sole discretion to invest and reinvest, alter and change the monies accumulated under the system and other retirement plans AND TRUSTS that the board administers as provided in this article. In addition to its power to make investments managed by others, the board may delegate the authority the board deems necessary and prudent to investment management pursuant to section 38-848.03, as well as to the administrator, employed by the board pursuant to subsection K, paragraph 6 of this section, and any assistant administrators to invest the monies of the system and other retirement plans AND TRUSTS that the board administers if the administrator, investment management and any assistant administrators follow the investment policies that are adopted by the board. The board may commingle securities and monies of the fund, the elected officials' retirement plan, the corrections officer retirement plan and other plans or monies entrusted to its care, subject to the crediting of receipts and earnings and charging of payments to the account of the appropriate employer, system or plan. In making every investment, the board shall exercise the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital, provided:

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1. That not more than eighty per cent of the combined assets of the system or other plans that the board manages shall be invested at any given time in corporate stocks, based on cost value of such stocks irrespective of capital appreciation.

2. That no more than five per cent of the combined assets of the system or other plans that the board manages shall be invested in corporate stock issued by any one corporation, other than corporate stock issued by corporations chartered by the United States government or corporate stock issued by a bank or insurance company.

3. That not more than five per cent of the voting stock of any one corporation shall be owned by the system and other plans that the board administers, except that this limitation does not apply to membership interests in limited liability companies.

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4. That corporate stocks and exchange traded funds eligible for DIRECT purchase shall be restricted to stocks and exchange traded funds that, except for bank stocks, insurance stocks, STOCKS ACQUIRED FOR COINVESTMENT IN CONNECTION WITH THE SYSTEM'S OR THE PLANS' OR TRUSTS' COMMINGLED INVESTMENTS and ~~membership~~ interests in limited liability companies AND MUTUAL FUNDS, are either:

(a) Listed or approved on issuance for listing on an exchange registered under the securities exchange act of 1934, as amended (15 United States Code sections 78a through 78ll).

(b) Designated or approved on notice of issuance for designation on the national market system of a national securities association registered under the securities exchange act of 1934, as amended (15 United States Code sections 78a through 78ll).

(c) Listed or approved on issuance for listing on an exchange registered under the laws of this state or any other state.

(d) Listed or approved on issuance for listing on an exchange of a foreign country with which the United States is maintaining diplomatic relations at the time of purchase, except that no more than twenty per cent of the combined assets of the system and other plans that the board manages shall be invested in foreign securities, based on the cost value of the stocks irrespective of capital appreciation.

(e) An exchange traded fund that is recommended by the chief investment officer of the system, that is registered under the investment company act of 1940 (15 United States Code sections 80a-1 through 80a-64) and that is both traded on a public exchange and based on a publicly recognized index.

E. Notwithstanding any other law, the board shall not be required to invest in any type of investment that is dictated or required by any entity of the federal government and that is intended to fund economic development projects, public works or social programs, but may consider such economically targeted investments pursuant to its fiduciary responsibility. The board, on behalf of the system and all other plans or trusts the board administers, may invest in, lend monies to or guarantee the repayment of monies by a limited liability company, limited partnership, joint venture, partnership, limited liability partnership or trust in which the system and plans or trusts have a financial interest, whether the entity is closely held or publicly traded and that, in turn, may be engaged in any lawful activity, including venture capital, private equity, the ownership, development, management, improvement or operation of real property and any improvements or businesses on real property or the lending of monies.

F. Conference call meetings of the board that are held for investment purposes only are not subject to chapter 3, article 3.1 of this title, except that the board shall maintain minutes of these conference call meetings and make them available for public inspection within twenty-four hours after the meeting. The board shall review the minutes of each conference call meeting and shall ratify all legal actions taken during each conference call meeting at the next scheduled meeting of the board.

G. The board shall not be held liable for the exercise of more than ordinary care and prudence in the selection of investments and performance of its duties under the system and shall not be limited to so-called "legal

investments for trustees", but all monies of the system and other plans that the board administers shall be invested subject to all of the conditions, limitations and restrictions imposed by law.

H. Except as provided in subsection D of this section, the board may:

1. Invest and reinvest the principal and income of all assets that the board manages without distinction between principal and income.

2. Sell, exchange, convey, transfer or otherwise dispose of any investments made on behalf of the system or other plans the board administers in the name of the system or plans by private contract or at public auction.

3. Also:

(a) Vote on any stocks, bonds or other securities.

(b) Give general or special proxies or powers of attorney with or without power of substitution.

(c) Exercise any conversion privileges, subscription rights or other options and make any payments incidental to the exercise of the conversion privileges, subscription rights or other options.

(d) Consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities, delegate discretionary powers and pay any assessments or charges in connection therewith.

(e) Generally exercise any of the powers of an owner with respect to stocks, bonds, securities or other investments held in or owned by the system or other plans whose assets the board administers.

4. Make, execute, acknowledge and deliver any other instruments that may be necessary or appropriate to carry out the powers granted in this section.

5. Register any investment held by the system or other plans whose assets the board administers in the name of the system or plan or in the name of a nominee or trust.

6. At the expense of the system or other plans that the board administers, enter into an agreement with any bank or banks for the safekeeping and handling of securities and other investments coming into the possession of the board. The agreement shall be entered into under terms and conditions that secure the proper safeguarding, inventory, withdrawal and handling of the securities and other investments. No access to and no deposit or withdrawal of the securities from any place of deposit selected by the board shall be permitted or made except as the terms of the agreement may provide.

7. Appear before local boards and the courts of this state and political subdivisions of this state through counsel or appointed representative to protect the fund or the assets of other plans that the board administers. The board is not responsible for the actions or omissions of the local boards under this system but may seek review or rehearing of actions or omissions of local boards. The board does not have a duty to review actions of the local boards but may do so in its discretion in order to protect the fund. No limitations period precludes the board or administrator from contesting, or requires the board or administrator to implement or comply with, a local board decision that violates the internal revenue code or that threatens to impair the tax qualified status of the system or any plan administered by the board or administrator.

8. Empower the fund administrator to take actions on behalf of the board that are necessary for the protection and administration of the fund or the assets of other plans that the board administers pursuant to the guidelines of the board.

9. Do all acts, whether or not expressly authorized, that may be deemed necessary or proper for the protection of the investments held in the fund or owned by other plans or trusts that the board administers.

10. Settle threatened or actual litigation against any system or plan that the board administers.

I. Investment expenses and operation and administrative expenses of the board shall be accounted for separately and allocated against investment income.

J. The board, as soon as possible within a period of six months following the close of any fiscal year, shall transmit to the governor and the legislature a comprehensive annual financial report on the operation of the system and other plans that the board administers containing, among other things:

1. A balance sheet.

2. A statement of income and expenditures for the year.

3. A report on an actuarial valuation of its assets and liabilities.

4. A list of investments owned.

5. The total rate of return, yield on cost, and per cent of cost to market value of the fund and the assets of other plans that the board administers.

6. Any other statistical and financial data that may be necessary for the proper understanding of the financial condition of the system and other plans that the board administers and the results of their operations. A synopsis of the annual report shall be published for the information of members of the system, the elected officials' retirement plan or the corrections officer retirement plan.

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7. AN ANALYSIS OF THE LONG-TERM LEVEL PER CENT OF EMPLOYER CONTRIBUTIONS AND COMPENSATION STRUCTURE AND WHETHER THE FUNDING METHODOLOGY IS SUFFICIENT TO PAY ONE HUNDRED PER CENT OF THE UNFUNDED ACCRUED LIABILITY UNDER THE ELECTED OFFICIALS' RETIREMENT PLAN.

K. The board shall:

1. Maintain the accounts of the system and other plans that the board administers and issue statements to each employer annually and to each member who may request it.

2. Report the results of the actuarial valuations to the local boards and employers.

3. Contract on a fee basis with an independent investment counsel to advise the board in the investment management of the fund and assets of other plans that the board administers and with an independent auditing firm to audit the board's accounting.

4. Permit the auditor general to make an annual audit and the results shall be transmitted to the governor and the legislature.

5. Contract on a fee basis with an actuary who shall make actuarial valuations of the system and other plans that the board administers, be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of the system, the elected officials'

retirement plan, the corrections officer retirement plan and the fire fighter and peace officer cancer insurance policy program and perform other duties required in connection therewith. The actuary must be a member of a nationally recognized association or society of actuaries.

6. Employ, as administrator, a person, state department or other body to serve at the pleasure of the board.

7. Establish procedures and guidelines for contracts with actuaries, auditors, investment counsel and legal counsel and for safeguarding of securities.

L. The administrator, under the direction of the board, shall:

1. Administer this article.

2. Be responsible for the recruitment, hiring and day-to-day management of employees.

3. Invest the funds of the system and other plans that the board administers as the board deems necessary and prudent as provided in subsections D and H of this section and subject to the investment policies and fund objectives adopted by the board.

4. Establish and maintain an adequate system of accounts and records for the system and other plans that the board administers, which shall be integrated with the accounts, records and procedures of the employers so that the system and other plans that the board administers operates most effectively and at minimum expense and that duplication of records and accounts is avoided.

5. In accordance with the board's governance policy and procedures and the budget adopted by the board, hire such employees and services the administrator deems necessary and prescribe their duties, including the hiring of one or more assistant administrators to manage the system's operations, investments and legal affairs.

6. Be responsible for income, the collection of the income and the accuracy of all expenditures.

7. Recommend to the board annual contracts for the system's actuary, auditor, investment counsel, legal counsel and safeguarding of securities.

8. Perform additional duties and powers prescribed by the board and delegated to the administrator.

M. The system is an independent trust fund and the board is not subject to title 41, chapter 6. Contracts for goods and services approved by the board are not subject to title 41, chapter 23. As an independent trust fund whose assets are separate and apart from all other funds of this state, the system and the board are not subject to the restrictions prescribed in section 35-154 or article IX, sections 5 and 8, Constitution of Arizona. Loans, guarantees, investment management agreements and investment contracts that are entered into by the board are contracts memorializing obligations or interests in securities that the board has concluded, after thorough due diligence, do not involve investments in Sudan or Iran or otherwise provide support to terrorists or in any way facilitate illegal immigration into the United States. These contracts do not involve the procurement, supply or provision of goods, equipment, labor, materials or services that would require the certifications or warranties required by sections 35-391.06, 35-393.06 and 41-4401.

N. The board, the administrator, the assistant administrators and all persons employed by them are subject to title 41, chapter 4, article 4. The administrator, assistant administrators and other employees of the board are entitled to receive compensation pursuant to section 38-611.

O. In consultation with the director of the department of administration, the board may enter into employment agreements and establish the terms of those agreements with persons holding any of the following system positions:

1. Administrator.
2. Deputy or assistant administrator.
3. Chief investment officer.
4. Deputy chief investment officer.
5. Fiduciary or investment counsel.

P. The attorney general or an attorney approved by the attorney general and paid by the fund shall be the attorney for the board and shall represent the board in any legal proceeding or forum that the board deems appropriate. The board, administrator, assistant administrators and employees of the board are not personally liable for any acts done in their official capacity in good faith reliance on the written opinions of the board's attorney.

Q. At least once in each five-year period after the effective date, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the system and other plans that the board administers and shall make a special valuation of the assets and liabilities of the monies of the system and plans. Taking into account the results of the investigation and special valuation, the board shall adopt for the system and other plans that the board administers those mortality, service and other tables deemed necessary.

R. On the basis of the tables the board adopts, the actuary shall make a valuation of the assets and liabilities of the funds of the system and other plans that the board administers not less frequently than every year. By November 1 of each year the board shall provide a preliminary report and by December 15 of each year provide a final report to the governor, the speaker of the house of representatives and the president of the senate on the contribution rate for the ensuing fiscal year.

S. Neither the board nor any member or employee of the board shall directly or indirectly, for himself or as an agent, in any manner use the monies or deposits of the fund except to make current and necessary payments, nor shall the board or any member or employee become an endorser or surety or in any manner an obligor for monies loaned by or borrowed from the fund or the assets of any other plans that the board administers.

T. The members of the board who are appointed pursuant to subsection A, paragraphs 2 and 5 of this section shall have at least ten years' substantial experience as any one or a combination of the following:

1. A portfolio manager acting in a fiduciary capacity.
2. A securities analyst.
3. An employee or principal of a trust institution, investment organization or endowment fund acting either in a management or an investment related capacity.

4. A chartered financial analyst in good standing as determined by the association for investment management and research.

5. A professor at the university level teaching economics or investment related subjects.

6. An economist.

7. Any other professional engaged in the field of public or private finances.

U. Financial or commercial information that is provided to the board, employees of the board and attorneys of the board in connection with investments in which the board has invested or investments the board has considered for investment is confidential, proprietary and not a public record if the information is information that would customarily not be released to the public by the person or entity from whom the information was obtained.

EXPLANATION OF BLEND
SECTION 41-603

Laws 2013, Chapters 132 and 167

Laws 2013, Ch. 132, section 8	Effective September 13, 2013
Laws 2013, Ch. 167, section 8	Effective September 13, 2013

Explanation

Since these two enactments are identical, the Laws 2013, Ch. 132 and Ch. 167 text changes to section 41-603 are blended in the form shown on the following pages.

BLEND OF SECTION 41-603
Laws 2013, Chapters 132 and 167

41-603. Powers and duties

A. The department may act as guardian of an incapacitated veteran, the incapacitated spouse of a veteran or minor children of a veteran, or as conservator of the estate of a protected veteran or of the veteran's incapacitated or surviving spouse or of the minor children of a veteran. The department may act in all fiduciary matters, including as power of attorney, trustee, custodian or representative payee of a veteran, spouse of a veteran or minor child of a veteran. The department may act as the personal representative of the estate of a deceased veteran, deceased spouse of a veteran or deceased child of a veteran.

B. The department shall:

1. Assist veterans and their families and dependents in presenting, providing and establishing claims, privileges, rights and benefits they may have under federal, state or local law.

2. Inform veterans and their families and dependents and military and civilian authorities about federal, state and local laws enacted to benefit veterans and their families and dependents and members of the armed forces.

3. Collect information relating to services and facilities available to veterans.

4. Cooperate with all government and private agencies receiving services for or benefits to veterans and their families and dependents.

5. Conduct administrative reviews and, if possible, correct abuses or prevent exploitation of veterans and their families or dependents and recommend corrective legislation.

6. Adopt rules deemed necessary to administer this article.

7. Enter into agreements with veterans' organizations in this state holding a charter granted by the Congress of the United States for the beneficial interest of veterans.

8. Verify and provide written confirmation to the person of eligibility for special license plates issued pursuant to section ~~28-2455~~ 28-2475 by determining that all of the following are true:

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(a) The person was a member of the United States armed forces on December 7, 1941.

(b) The person received an honorable discharge from the United States armed forces.

(c) The person was on station on December 7, 1941, during the hours of 7:55 a.m. to 9:45 a.m., Hawaii time at Pearl Harbor, the Island of Oahu or offshore, at a distance not exceeding three miles.

9. Evaluate, supervise, approve and disapprove programs offered by educational institutions and training establishments pursuant to United States Code titles 10 and 38 and state rules, so that veterans and their

dependents may draw the educational allowance provided by federal law while pursuing approved programs.

C. The department may:

1. Acquire property for and construct and operate a veterans' home facility in southern Arizona.

2. Acquire property for and establish and operate cemeteries for veterans in this state.

3. Establish a training center to provide training to current or potential employees and the veteran community. The department may establish a fee for this training.

4. Award the Arizona gold star military medal, if appropriate and if funding is available.

EXPLANATION OF BLEND
SECTION 41-608

Laws 2013, Chapters 132 and 167

Laws 2013, Ch. 132, section 9	Effective September 13, 2013
Laws 2013, Ch. 167, section 9	Effective September 13, 2013

Explanation

Since these two enactments are identical, the Laws 2013, Ch. 132 and Ch. 167 text changes to section 41-608 are blended in the form shown on the following page.

BLEND OF SECTION 41-608
Laws 2013, Chapters 132 and 167

41-608. Veterans' donations fund; grants

A. The veterans' donations fund is established consisting of monies, gifts and contributions donated to the department and monies deposited pursuant to sections 28-2414, 28-2428, 28-2431, 28-2447, ~~28-2453~~ 28-2473, ~~28-2454~~ 28-2474, ~~28-2455~~ 28-2475 and 43-620. The department shall administer the fund. Monies in the fund are continuously appropriated. The monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations. The department shall adopt rules or policies for grants of less than five thousand dollars that encourage as much competition as practicable.

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B. The director or the director's designee may solicit and receive donations, including in-kind donations, from the public for veterans. The director shall deposit, pursuant to sections 35-146 and 35-147, the monetary donations in the veterans' donations fund. Monies in the fund are subject to state auditing procedures. Except for monies deposited pursuant to sections 28-2431 and 28-2447, the donations may be used for the benefit of the veterans within this state as grants, subject to chapter 24 of this title, if applicable.

C. The director shall establish a separate subaccount in the veterans' donations fund for the deposit of monies received pursuant to section 28-2431, subsection C. The monies in the subaccount shall be used for the construction and maintenance of the enduring freedom memorial authorized pursuant to section 41-1363 for placement in Wesley Bolin Plaza.

D. The director shall establish a separate subaccount in the veterans' donations fund for the deposit of monies received pursuant to section 28-2447, subsection C. The monies in the subaccount shall be used for the benefit of women veterans in this state, including providing shelter to homeless women veterans as grants, subject to chapter 24 of this title, if applicable.

E. The director shall inventory and account for the use of any tangible personal property donated to the fund.

F. On notice from the director, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund.

EXPLANATION OF BLEND
SECTION 41-1758

Laws 2013, Chapters 128 and 174

Laws 2013, Ch. 128, section 12	Effective September 13, 2013
Laws 2013, Ch. 174, section 2	Effective May 2, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 128 and Ch. 174 text changes to section 41-1758 are blended in the form shown on the following pages.

Section 41-1758 was amended an additional time by Laws 2013, Ch. 129 with a delayed effective date that will require separate publication in addition to this blend.

BLEND OF SECTION 41-1758
Laws 2013, Chapters 128 and 174

41-1758. Definitions

In this article, unless the context otherwise requires:

1. "Agency" means the supreme court, the department of economic security, the department of education, the department of health services, the department of juvenile corrections, the department of emergency and military affairs, the department of transportation, the state real estate department, the board of fingerprinting or the board of examiners of nursing care institution administrators and assisted living facility managers.

2. "Division" means the fingerprinting division in the department of public safety.

Ch. 174 — 3. "ELECTRONIC OR INTERNET-BASED FINGERPRINTING SERVICES" MEANS A SECURE SYSTEM FOR DIGITIZING APPLICANT FINGERPRINTS AND TRANSMITTING THE APPLICANT DATA AND FINGERPRINTS OF A PERSON OR ENTITY SUBMITTING FINGERPRINTS TO THE DEPARTMENT OF PUBLIC SAFETY FOR ANY AUTHORIZED PURPOSE UNDER THIS TITLE. FOR THE PURPOSES OF THIS PARAGRAPH, "SECURE SYSTEM" MEANS A SYSTEM THAT COMPLIES WITH THE INFORMATION TECHNOLOGY SECURITY POLICY APPROVED BY THE DEPARTMENT OF PUBLIC SAFETY.

~~3.~~ 4. "Good cause exception" means the issuance of a fingerprint clearance card to an employee pursuant to section 41-619.55.

~~4.~~ 5. "Person" means a person who is required to be fingerprinted pursuant to any of the following:

(a) Section 8-105.
(b) Section 8-322.
(c) Section 8-509.
(d) Section 8-802.
(e) Section 15-183.
(f) Section 15-503.
(g) Section 15-512.
(h) Section 15-534.
(i) Section 15-782.02.
(j) Section 15-1330.
(k) Section 15-1881.
Chs. 128 and 174 — (l) SECTION 17-215.
~~(l)~~ (m) Section 26-103.
~~(m)~~ (n) Section 32-2108.01.
~~(n)~~ (o) Section 32-2123.
~~(o)~~ (p) Section 32-2371.
Ch. 128 — (q) SECTION 32-2372.
~~(p)~~ (r) Section 36-207.
~~(q)~~ (s) Section 36-411.
~~(r)~~ (t) Section 36-425.03.

~~(s)~~ (u) Section 36-446.04.
~~(t)~~ (v) Section 36-594.01.
~~(u)~~ (w) Section 36-594.02.
~~(v)~~ (x) Section 36-882.
~~(w)~~ (y) Section 36-883.02.
~~(x)~~ (z) Section 36-897.01.
~~(y)~~ (aa) Section 36-897.03.
~~(z)~~ (bb) Section 36-3008.
~~(aa)~~ (cc) Section 41-619.52.
~~(bb)~~ (dd) Section 41-619.53.
~~(cc)~~ (ee) Section 41-1964.
~~(dd)~~ (ff) Section 41-1967.01.
~~(ee)~~ (gg) Section 41-1968.
~~(ff)~~ (hh) Section 41-1969.
~~(gg)~~ (ii) Section 41-2814.
~~(hh)~~ (jj) Section 46-141, subsection A.
~~(ii)~~ (kk) Section 46-321.

~~5.~~ 6. "Vulnerable adult" has the same meaning prescribed in section 13-3623.

EXPLANATION OF BLEND
SECTION 41-1758.01

Laws 2013, Chapters 128 and 174

Laws 2013, Ch. 128, section 13	Effective September 13, 2013
Laws 2013, Ch. 174, section 3	Effective May 2, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 128 and Ch. 174 text changes to section 41-1758.01 are blended in the form shown on the following page.

Section 41-1758.01 was amended an additional time by Laws 2013, Ch. 129 with a delayed effective date that will require separate publication in addition to this blend.

BLEND OF SECTION 41-1758.01
Laws 2013, Chapters 128 and 174

41-1758.01. Fingerprinting division; powers and duties

Ch. 174 [A.] The fingerprinting division is established in the department of public safety and shall:

1. Conduct fingerprint background checks for persons and applicants who are seeking licenses from state agencies, employment with licensees, contract providers and state agencies or employment or educational opportunities with agencies that require fingerprint background checks pursuant to sections 8-105, 8-322, 8-509, 8-802, 15-183, 15-503, 15-512, 15-534, 15-782.02, 15-1330, 15-1881, 17-215, 26-103, 32-2108.01, 32-2123, Ch. 128 32-2371, [32-2372,] 36-207, 36-411, 36-425.03, 36-446.04, 36-594.01, 36-594.02, 36-882, 36-883.02, 36-897.01, 36-897.03, 36-3008, 41-619.52, 41-619.53, 41-1964, 41-1967.01, 41-1968, 41-1969 and 41-2814, section 46-141, subsection A and section 46-321.

2. Issue fingerprint clearance cards. On issuance, a fingerprint clearance card becomes the personal property of the cardholder and the cardholder shall retain possession of the fingerprint clearance card.

3. On submission of an application for a fingerprint clearance card, collect the fees established by the board of fingerprinting pursuant to section 41-619.53 and deposit, pursuant to sections 35-146 and 35-147, the monies collected in the board of fingerprinting fund.

4. Inform in writing each person who submits fingerprints for a fingerprint background check of the person's right to petition the board of fingerprinting for a good cause exception pursuant to sections 41-1758.03 and 41-1758.07.

5. Administer and enforce this article.

Ch. 174 B. THE FINGERPRINTING DIVISION MAY CONTRACT FOR ELECTRONIC OR INTERNET-BASED FINGERPRINTING SERVICES THROUGH AN ENTITY OR ENTITIES FOR THE ACQUISITION AND TRANSMISSION OF APPLICANT FINGERPRINT AND DATA SUBMISSIONS TO THE DEPARTMENT, INCLUDING IDENTITY VERIFIED FINGERPRINTS PURSUANT TO SECTION 15-106. THE ENTITY OR ENTITIES CONTRACTED BY THE DEPARTMENT OF PUBLIC SAFETY MAY CHARGE THE APPLICANT A FEE FOR SERVICES PROVIDED PURSUANT TO THIS ARTICLE. THE ENTITY OR ENTITIES CONTRACTED BY THE DEPARTMENT OF PUBLIC SAFETY SHALL COMPLY WITH:

1. ALL INFORMATION PRIVACY AND SECURITY MEASURES AND SUBMISSION STANDARDS ESTABLISHED BY THE DEPARTMENT OF PUBLIC SAFETY.

2. THE INFORMATION TECHNOLOGY SECURITY POLICY APPROVED BY THE DEPARTMENT OF PUBLIC SAFETY.

EXPLANATION OF BLEND
SECTION 41-2501

Laws 2013, Chapters 161 and 190

Laws 2013, Ch. 161, section 16	Effective September 13, 2013
Laws 2013, Ch. 190, section 9	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 161 and Ch. 190 text changes to section 41-2501 are blended in the form shown on the following pages.

BLEND OF SECTION 41-2501
Laws 2013, Chapters 161 and 190

41-2501. Applicability

A. This chapter applies only to procurements initiated after January 1, 1985 unless the parties agree to its application to procurements initiated before that date.

B. This chapter applies to every expenditure of public monies, including federal assistance monies except as otherwise specified in section 41-2637, by this state, acting through a state governmental unit as defined in this chapter, under any contract, except that this chapter does not apply to either grants as defined in this chapter, or contracts between this state and its political subdivisions or other governments, except as provided in chapter 24 of this title and in article 10 of this chapter. This chapter also applies to the disposal of state materials. This chapter and rules adopted under this chapter do not prevent any state governmental unit or political subdivision from complying with the terms of any grant, gift, bequest or cooperative agreement.

C. All political subdivisions and other local public agencies of this state may adopt all or any part of this chapter and the rules adopted pursuant to this chapter.

D. NOTWITHSTANDING ANY OTHER LAW, SECTION 41-2517 APPLIES TO ANY AGENCY AS DEFINED IN SECTION 41-1001, INCLUDING THE OFFICE OF THE GOVERNOR.

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~~D.~~ E. The Arizona board of regents and the legislative and judicial branches of state government are not subject to this chapter except as prescribed in subsection ~~E~~ F of this section.

~~E.~~ F. The Arizona board of regents and the judicial branch shall adopt rules prescribing procurement policies and procedures for themselves and institutions under their jurisdiction. The rules must be substantially equivalent to the policies and procedures prescribed in this chapter.

~~F.~~ G. The Arizona state lottery commission is exempt from this chapter for procurement relating to the design and operation of the lottery or purchase of lottery equipment, tickets and related materials. The executive director of the Arizona state lottery commission shall adopt rules substantially equivalent to the policies and procedures in this chapter for procurement relating to the design and operation of the lottery or purchase of lottery equipment, tickets or related materials. All other procurement shall be as prescribed by this chapter.

~~G.~~ H. The Arizona health care cost containment system administration is exempt from this chapter for provider contracts pursuant to section 36-2904, subsection A and contracts for goods and services, including program contractor contracts pursuant to title 36, chapter 29, articles 2 and 3. All other procurement, including contracts for the statewide administrator of the program pursuant to section 36-2903, subsection B, shall be as prescribed by this chapter.

~~H.~~ I. Arizona industries for the blind is exempt from this chapter for purchases of finished goods from members of national industries for the blind and for purchases of raw materials for use in the manufacture of products for sale pursuant to section 41-1972. All other procurement shall be as prescribed by this chapter.

~~I.~~ J. Arizona correctional industries is exempt from this chapter for purchases of raw materials, components and supplies that are used in the manufacture or production of goods or services for sale entered into pursuant to section 41-1622. All other procurement shall be as prescribed by this chapter.

~~J.~~ K. The state transportation board and the director of the department of transportation are exempt from this chapter other than section 41-2586 for the procurement of construction or reconstruction, including engineering services, of transportation facilities or highway facilities and any other services that are directly related to land titles, appraisals, real property acquisition, relocation, property management or building facility design and construction for highway development and that are required pursuant to title 28, chapter 20.

~~K.~~ L. The Arizona highways magazine is exempt from this chapter for contracts for the production, promotion, distribution and sale of the magazine and related products and for contracts for sole source creative works entered into pursuant to section 28-7314, subsection A, paragraph 5. All other procurement shall be as prescribed by this chapter.

~~L.~~ M. The secretary of state is exempt from this chapter for contracts entered into pursuant to section 41-1012 to publish and sell the administrative code. All other procurement shall be as prescribed by this chapter.

~~M.~~ N. This chapter is not applicable to contracts for professional witnesses if the purpose of such contracts is to provide for professional services or testimony relating to an existing or probable judicial proceeding in which this state is or may become a party or to contract for special investigative services for law enforcement purposes.

~~N.~~ O. The head of any state governmental unit, in relation to any contract exempted by this section from this chapter, has the same authority to adopt rules, procedures or policies as is delegated to the director pursuant to this chapter.

~~O.~~ P. Agreements negotiated by legal counsel representing this state in settlement of litigation or threatened litigation are exempt from this chapter.

~~P.~~ Q. This chapter is not applicable to contracts entered into by the department of economic security:

1. With a provider licensed or certified by an agency of this state to provide child day care services or with a provider of family foster care pursuant to section 8-503 or 36-554.

2. With area agencies on aging created pursuant to the older Americans act of 1965 (P.L. 89-73; 79 Stat. 218; 42 United States Code sections 3001 through 3058ee).

3. For services pursuant to title 36, chapter 29, article 2.

4. With an eligible entity as defined by Public Law 105-285, section 673(1)(a)(i), as amended, for designated community services block grant

program monies and any other monies given to the eligible entity that accomplishes the purpose of Public Law 105-285, section 672.

~~Q.~~ R. The department of health services may not require that persons with whom it contracts follow this chapter for the purposes of subcontracts entered into for the provision of the following:

1. Mental health services pursuant to section 36-189, subsection B.

2. Services for the seriously mentally ill pursuant to title 36, chapter 5, article 10.

3. Drug and alcohol services pursuant to section 36-141.

4. Domestic violence services pursuant to title 36, chapter 30, article 1.

~~R.~~ S. The department of health services is exempt from this chapter for contracts for services of physicians at the Arizona state hospital.

~~S.~~ T. Contracts for goods and services approved by the board of trustees of the public safety personnel retirement system are exempt from this chapter.

~~T.~~ U. The Arizona department of agriculture is exempt from this chapter with respect to contracts for private labor and equipment to effect cotton or cotton stubble plow-up pursuant to rules adopted under title 3, chapter 2, article 1. ~~On or before September 1 of each year, the director of the Arizona department of agriculture shall establish and announce costs for each acre of cotton or cotton stubble to be abated by private contractors.~~

Ch. 161

~~U.~~ V. The Arizona state parks board is exempt from this chapter for purchases of guest supplies and items for resale such as food, linens, gift items, sundries, furniture, china, glassware and utensils for the facilities located in the Tonto natural bridge state park.

~~V.~~ W. The Arizona state parks board is exempt from this chapter for the purchase, production, promotion, distribution and sale of publications, souvenirs and sundry items obtained and produced for resale.

~~W.~~ X. The Arizona state schools for the deaf and the blind are exempt from this chapter FOR THE PURCHASE OF TEXTBOOKS AND when purchasing products through a cooperative that is organized and operates in accordance with state law if such products are not available on a statewide contract and are related to the operation of the schools or are products for which special discounts are offered for educational institutions.

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~~X.~~ Y. Expenditures of monies in the morale, welfare and recreational fund established by section 26-153 are exempt from this chapter.

~~Y.~~ Z. Notwithstanding section 41-2534, the director of the state department of corrections may contract with local medical providers in counties with a population of less than four hundred thousand persons according to the most recent United States decennial census for the following purposes:

1. To acquire hospital and professional medical services for inmates who are incarcerated in state department of corrections facilities that are located in those counties.

2. To ensure the availability of emergency medical services to inmates in all counties by contracting with the closest medical facility that offers emergency treatment and stabilization.

~~Z.~~ AA. The department of environmental quality is exempt from this chapter for contracting for procurements relating to the water quality

assurance revolving fund program established pursuant to title 49, chapter 2, article 5. The department shall engage in a source selection process that is similar to the procedures prescribed by this chapter. The department may contract for remedial actions with a single selection process. The exclusive remedy for disputes or claims relating to contracting pursuant to this subsection is as prescribed by article 9 of this chapter and the rules adopted pursuant to that article. All other procurement by the department shall be as prescribed by this chapter.

~~AA.~~ BB. The motor vehicle division of the department of transportation is exempt from this chapter for third[-]party authorizations pursuant to title 28, chapter 13, only if all of the following conditions exist:

1. The division does not pay any public monies to an authorized third party.

2. Exclusivity is not granted to an authorized third party.

3. The director has complied with the requirements prescribed in title 28, chapter 13 in selecting an authorized third party.

Ch. 161 ~~BB.~~ CC. This section does not exempt third[-]party authorizations pursuant to title 28, chapter 13 from any other applicable law.

~~CC.~~ DD. The state forester is exempt from this chapter for purchases and contracts relating to ~~wild land~~ WILDLAND fire suppression and pre-positioning equipment resources and for other activities related to combating ~~wild land~~ WILDLAND fires and other unplanned risk activities, including fire, flood, earthquake, wind and hazardous material responses. All other procurement by the state forester shall be as prescribed by this chapter.

~~DD.~~ EE. The cotton research and protection council is exempt from this chapter for procurements ~~relating to its aflatoxin control program and for contracts for research programs related to cotton production or protection~~.

~~EE.~~ FF. Expenditures of monies in the Arizona agricultural protection fund established by section 3-3304 are exempt from this chapter.

~~FF.~~ GG. The Arizona commerce authority is exempt from this chapter, except article 10 for the purpose of cooperative purchases. The authority shall adopt policies, procedures and practices, in consultation with the department of administration, that are similar to and based on the policies and procedures prescribed by this chapter for the purpose of increased public confidence, fair and equitable treatment of all persons engaged in the process and fostering broad competition while accomplishing flexibility to achieve the authority's statutory requirements. The authority shall make its policies, procedures and practices available to the public. The authority may exempt specific expenditures from the policies, procedures and practices.

HH. THE ARIZONA EXPOSITION AND STATE FAIR BOARD IS EXEMPT FROM THIS CHAPTER FOR CONTRACTS FOR PROFESSIONAL ENTERTAINMENT.

Ch. 190 II. THIS CHAPTER DOES NOT APPLY TO THE PURCHASE OF WATER, GAS OR ELECTRIC UTILITIES.

JJ. THIS CHAPTER DOES NOT APPLY TO PROFESSIONAL CERTIFICATIONS, PROFESSIONAL MEMBERSHIPS AND CONFERENCE REGISTRATIONS.

EXPLANATION OF BLEND
SECTION 41-2503

Laws 2013, Chapters 190 and 238

Laws 2013, Ch. 190, section 10	Effective September 13, 2013
Laws 2013, Ch. 238, section 3	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 190 and Ch. 238 text changes to section 41-2503 are blended in the form shown on the following pages.

BLEND OF SECTION 41-2503
Laws 2013, Chapters 190 and 238

41-2503. Definitions

In this chapter, unless the context otherwise requires:

1. "Architect services" means those professional architect services that are within the scope of architectural practice as provided in title 32, chapter 1.

2. "Business" means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture or other private legal entity.

Chs. 190 and 238

3. "Change order" means a written order ~~which~~ THAT is signed by a procurement officer and ~~which~~ THAT directs the contractor to make changes that the changes clause of the contract authorizes the procurement officer to order.

4. "Construction":

(a) Means the process of building, altering, repairing, improving or demolishing any public structure or building or other public improvements of any kind to any public real property.

(b) Does not include:

(i) The routine operation, routine repair or routine maintenance of existing facilities, structures, buildings or real property.

(ii) The investigation, characterization, restoration or remediation due to an environmental issue of existing facilities, structures, buildings or real property.

5. "Construction-manager-at-risk" means a project delivery method in which:

(a) There is a separate contract for design services and a separate contract for construction services, except that instead of a single contract for construction services, the purchasing agency may elect separate contracts for preconstruction services during the design phase, for construction during the construction phase and for any other construction services.

(b) The contract for construction services may be entered into at the same time as the contract for design services or at a later time.

(c) Design and construction of the project may be either:

(i) Sequential with the entire design complete before construction commences.

(ii) Concurrent with the design produced in two or more phases and construction of some phases commencing before the entire design is complete.

(d) Finance services, maintenance services, operations services, preconstruction services and other related services may be included.

6. "Construction services" means either of the following for construction-manager-at-risk, design-build and job-order-contracting project delivery methods:

(a) Construction, excluding services, through the construction-manager-at-risk or job-order-contracting project delivery methods.

(b) A combination of construction and, as elected by the purchasing agency, one or more related services, such as finance services, maintenance services, operations services, design services and preconstruction services, as those services are authorized in the definitions of construction-manager-at-risk, design-build or job-order-contracting in this section.

7. "Contract" means all types of state agreements, regardless of what they may be called, for the procurement of materials, services, construction, construction services or the disposal of materials.

8. "Contract modification" means any written alteration in the terms and conditions of any contract accomplished by mutual action of the parties to the contract.

9. "Contractor" means any person who has a contract with a state governmental unit.

10. "Data" means documented information, regardless of form or characteristic.

11. "Department" means the department of administration.

12. "Design-bid-build" means a project delivery method in which:

(a) There is a sequential award of two separate contracts.

(b) The first contract is for design services.

(c) The second contract is for construction.

(d) Design and construction of the project are in sequential phases.

(e) Finance services, maintenance services and operations services are not included.

13. "Design-build" means a project delivery method in which:

(a) There is a single contract for design services and construction services, except that instead of a single contract for design services and construction services, the purchasing agency may elect separate contracts for preconstruction services and design services during the design phase, for construction and design services during the construction phase and for any other construction services.

(b) Design and construction of the project may be either:

(i) Sequential with the entire design complete before construction commences.

(ii) Concurrent with the design produced in two or more phases and construction of some phases commencing before the entire design is complete.

(c) Finance services, maintenance services, operations services, preconstruction services and other related services may be included.

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14. "DESIGN PROFESSIONAL" MEANS AN INDIVIDUAL OR FIRM THAT IS REGISTERED BY THE STATE BOARD OF TECHNICAL REGISTRATION PURSUANT TO TITLE 32, CHAPTER 1 TO PRACTICE ARCHITECTURE, ENGINEERING, GEOLOGY, LANDSCAPE ARCHITECTURE OR LAND SURVEYING OR ANY COMBINATION OF THOSE PROFESSIONS AND ANY PERSON EMPLOYED BY THE REGISTERED INDIVIDUAL OR FIRM.

~~14.~~ 15. "Design requirements":

(a) Means at a minimum the purchasing agency's written description of the project or service to be procured, including:

(i) The required features, functions, characteristics, qualities and properties.

(ii) The anticipated schedule, including start, duration and completion.

(iii) The estimated budgets applicable to the specific procurement for design and construction and, if applicable, for operation and maintenance.

(b) May include:

(i) Drawings and other documents illustrating the scale and relationship of the features, functions and characteristics of the project, which shall all be prepared by ~~an architect or engineer, as appropriate,~~ A DESIGN PROFESSIONAL who is registered pursuant to section 32-121.

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(ii) Additional design information or documents that the purchasing agency elects to include.

~~15.~~ 16. "Design services" means architect services, engineer services or landscape architect services.

~~16.~~ 17. "Designee" means a duly authorized representative of the director.

~~17.~~ 18. "Director" means the director of the department of administration.

~~18.~~ 19. "Employee" means an individual drawing a salary from a state governmental unit, whether elected or not, and any noncompensated individual performing personal services for any state governmental unit.

~~19.~~ 20. "Engineer services" means those professional engineer services that are within the scope of engineering practice as provided in title 32, chapter 1.

~~20.~~ 21. "Finance services" means financing for a construction services project.

~~21.~~ 22. "General services administration contract" means contracts awarded by the United States government general services administration.

~~22.~~ 23. "Grant" means the furnishing of financial or other assistance, including state funds or federal grant funds, by any state governmental unit to any person for the purpose of supporting or stimulating educational, cultural, social or economic quality of life.

~~23.~~ 24. "Job-order-contracting" means a project delivery method in which:

(a) The contract is a requirements contract for indefinite quantities of construction.

(b) The construction to be performed is specified in job orders issued during the contract.

(c) Finance services, maintenance services, operations services, preconstruction services, design services and other related services may be included.

~~24.~~ 25. "Landscape architect services" means those professional landscape architect services that are within the scope of landscape architectural practice as provided in title 32, chapter 1.

~~25.~~ 26. "Maintenance services" means routine maintenance, repair and replacement of existing facilities, structures, buildings or real property.

~~26.~~ 27. "Materials":

(a) Means all property, including equipment, supplies, printing, insurance and leases of property.

(b) Does not include land, a permanent interest in land or real property or leasing space.

~~27.~~ 28. "Operations services" means routine operation of existing facilities, structures, buildings or real property.

~~28.~~ 29. "Owner" means a state purchasing agency or state governmental unit.

~~29.~~ 30. "Person" means any corporation, business, individual, union, committee, club, other organization or group of individuals.

~~30.~~ 31. "Preconstruction services" means services and other activities during the design phase.

~~31.~~ 32. "Procurement":

(a) Means buying, purchasing, renting, leasing or otherwise acquiring any materials, services, construction or construction services.

(b) Includes all functions that pertain to obtaining any materials, services, construction or construction services, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration.

~~32.~~ 33. "Procurement officer":

(a) Means any person duly authorized to enter into and administer contracts and make written determinations with respect to the contracts.

(b) Includes an authorized representative acting within the limits of the authorized representative's authority.

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~~33.~~ 34. "Purchasing agency" means any state governmental unit ~~which~~ THAT is authorized by this chapter or rules adopted pursuant to this chapter, or by way of delegation from the director, to enter into contracts.

~~34.~~ 35. "Services":

(a) Means the furnishing of labor, time or effort by a contractor or subcontractor ~~which~~ THAT does not involve the delivery of a specific end product other than required reports and performance.

(b) Does not include employment agreements or collective bargaining agreements.

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36. "SIGNIFICANT PROCUREMENT ROLE" MEANS ANY ROLE THAT INCLUDES ANY OF THE FOLLOWING DUTIES:

(a) PARTICIPATING IN THE DEVELOPMENT OF A PROCUREMENT.

(b) PARTICIPATING IN THE DEVELOPMENT OF AN EVALUATION TOOL.

(c) APPROVING A PROCUREMENT OR AN EVALUATION TOOL.

(d) SOLICITING QUOTES GREATER THAN TEN THOUSAND DOLLARS FOR THE PROVISION OF MATERIALS, SERVICES OR CONSTRUCTION.

(e) SERVING AS A TECHNICAL ADVISOR OR AN EVALUATOR WHO EVALUATES A PROCUREMENT.

(f) RECOMMENDING OR SELECTING A VENDOR THAT WILL PROVIDE MATERIALS, SERVICES OR CONSTRUCTION TO THIS STATE.

(g) SERVING AS A DECISION MAKER OR DESIGNEE ON A PROTEST OR AN APPEAL BY A PARTY REGARDING AN AGENCY PROCUREMENT SELECTION OR DECISION.

~~35.~~ 37. "State governmental unit" means any department, commission, council, board, bureau, committee, institution, agency, government corporation or other establishment or official of the executive branch or corporation commission of this state.

~~36.~~ 38. "Subcontractor" means a person who contracts to perform work or render service to a contractor or to another subcontractor as a part of a contract with a state governmental unit.

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~~37.~~ 39. "Using agency" means any state governmental unit ~~which~~ THAT USES ~~utilizes~~ any materials, services or construction procured under this chapter.

EXPLANATION OF BLEND
SECTION 42-2003

Laws 2013, First Special Session, Chapter 9
Laws 2013, First Regular Session, Chapters 40, 114 and 222

Laws 2013, First Special Session, Ch. 9, section 3	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 40, section 2	Effective September 13, 2013
Laws 2013, First Regular Session, Ch. 114, section 6	Effective September 13, 2013
Laws 2013, First Regular Session, Ch. 222, section 3	Effective September 13, 2013

Explanation

Since these four enactments are not incompatible, the Laws 2013, First Special Session, Ch. 9 and Laws 2013, First Regular Session, Ch. 40, Ch. 114 and Ch. 222 text changes to section 42-2003 are blended in the form shown on the following pages.

Section 42-2003 was amended an additional time by Laws 2013, First Regular Session, Ch. 255 with a delayed effective date that will require separate publication in addition to this blend.

BLEND OF SECTION 42-2003
Laws 2013, First Special Session, Chapter 9 and Laws 2013, First Regular Session, Chapters 40, 114 and 222

42-2003. Authorized disclosure of confidential information

A. Confidential information relating to:

1. A taxpayer may be disclosed to the taxpayer, its successor in interest or a designee of the taxpayer who is authorized in writing by the taxpayer. A principal corporate officer of a parent corporation may execute a written authorization for a controlled subsidiary.

2. A corporate taxpayer may be disclosed to any principal officer, any person designated by a principal officer or any person designated in a resolution by the corporate board of directors or other similar governing body.

3. A partnership may be disclosed to any partner of the partnership. This exception does not include disclosure of confidential information of a particular partner unless otherwise authorized.

4. An estate may be disclosed to the personal representative of the estate and to any heir, next of kin or beneficiary under the will of the decedent if the department finds that the heir, next of kin or beneficiary has a material interest which will be affected by the confidential information.

5. A trust may be disclosed to the trustee or trustees, jointly or separately, and to the grantor or any beneficiary of the trust if the department finds that the grantor or beneficiary has a material interest that will be affected by the confidential information.

6. Any taxpayer may be disclosed if the taxpayer has waived any rights to confidentiality either in writing or on the record in any administrative or judicial proceeding.

7. The name and taxpayer identification numbers of persons issued direct payment permits may be publicly disclosed.

B. Confidential information may be disclosed to:

1. Any employee of the department whose official duties involve tax administration.

2. The office of the attorney general solely for its use in preparation for, or in an investigation that may result in, any proceeding involving tax administration before the department or any other agency or board of this state, or before any grand jury or any state or federal court.

3. The department of liquor licenses and control for its use in determining whether a spirituous liquor licensee has paid all transaction privilege taxes and affiliated excise taxes incurred as a result of the sale of spirituous liquor, as defined in section 4-101, at the licensed establishment and imposed on the licensed establishments by this state and its political subdivisions.

4. Other state tax officials whose official duties require the disclosure for proper tax administration purposes if the information is sought in connection with an investigation or any other proceeding conducted by the official. Any disclosure is limited to information of a taxpayer who is being investigated or who is a party to a proceeding conducted by the official.

5. The following agencies, officials and organizations, if they grant substantially similar privileges to the department for the type of information being sought, pursuant to statute and a written agreement between the department and the foreign country, agency, state, Indian tribe or organization:

(a) The United States internal revenue service, alcohol and tobacco tax and trade bureau of the United States treasury, United States bureau of alcohol, tobacco, firearms and explosives of the United States department of justice, United States drug enforcement agency and federal bureau of investigation.

(b) A state tax official of another state.

(c) An organization of states, federation of tax administrators or multistate tax commission that operates an information exchange for tax administration purposes.

(d) An agency, official or organization of a foreign country with responsibilities that are comparable to those listed in subdivision (a), (b) or (c) of this paragraph.

(e) An agency, official or organization of an Indian tribal government with responsibilities comparable to the responsibilities of the agencies, officials or organizations identified in subdivision (a), (b) or (c) of this paragraph.

6. The auditor general, in connection with any audit of the department subject to the restrictions in section 42-2002, subsection D.

7. Any person to the extent necessary for effective tax administration in connection with:

(a) The processing, storage, transmission, destruction and reproduction of the information.

(b) The programming, maintenance, repair, testing and procurement of equipment for purposes of tax administration.

(c) The collection of the taxpayer's civil liability.

8. The office of administrative hearings relating to taxes administered by the department pursuant to section 42-1101, but the department shall not disclose any confidential information:

(a) Regarding income tax or withholding tax.

(b) On any tax issue relating to information associated with the reporting of income tax or withholding tax.

9. The United States treasury inspector general for tax administration for the purpose of reporting a violation of internal revenue code section 7213A (26 United States Code section 7213A), unauthorized inspection of returns or return information.

10. The financial management service of the United States treasury department for use in the treasury offset program.

11. The United States treasury department or its authorized agent for use in the state income tax levy program and in the electronic federal tax payment system.

12. The Arizona commerce authority for its use in:

(a) Qualifying renewable energy operations for the tax incentives under sections 42-12006, 43-1083.01 and 43-1164.01.

(b) Qualifying businesses with a qualified facility for income tax credits under sections 43-1083.03 and 43-1164.04.

(c) Fulfilling its annual reporting responsibility pursuant to section 41-1511, subsections U and V and section 41-1512, subsections U and V.

Ch. 9 (d) CERTIFYING COMPUTER DATA CENTERS FOR TAX RELIEF UNDER SECTION 41-1519.

13. A prosecutor for purposes of section 32-1164, subsection C.

14. The state fire marshal for use in determining compliance with and enforcing title 41, chapter 16, article 3.1.

15. The department of transportation for its use in administering taxes Ch. 40 ~~and~~, surcharges AND PENALTIES prescribed by title 28.

Ch. 114 16. THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION FOR ITS USE IN ADMINISTERING NURSING FACILITY PROVIDER ASSESSMENTS.

C. Confidential information may be disclosed in any state or federal judicial or administrative proceeding pertaining to tax administration pursuant to the following conditions:

1. One or more of the following circumstances must apply:

(a) The taxpayer is a party to the proceeding.

(b) The proceeding arose out of, or in connection with, determining the taxpayer's civil or criminal liability, or the collection of the taxpayer's civil liability, with respect to any tax imposed under this title or title 43.

(c) The treatment of an item reflected on the taxpayer's return is directly related to the resolution of an issue in the proceeding.

(d) Return information directly relates to a transactional relationship between a person who is a party to the proceeding and the taxpayer and directly affects the resolution of an issue in the proceeding.

2. Confidential information may not be disclosed under this subsection if the disclosure is prohibited by section 42-2002, subsection C or D.

D. Identity information may be disclosed for purposes of notifying persons entitled to tax refunds if the department is unable to locate the persons after reasonable effort.

E. The department, on the request of any person, shall provide the names and addresses of bingo licensees as defined in section 5-401, verify whether or not a person has a privilege license and number, a distributor's license and number or a withholding license and number or disclose the information to be posted on the department's website or otherwise publicly accessible pursuant to section 42-1124, subsection F and section 42-3201, subsection A.

F. A department employee, in connection with the official duties relating to any audit, collection activity or civil or criminal investigation, may disclose return information to the extent that disclosure is necessary to obtain information that is not otherwise reasonably available. These official duties include the correct determination of and

liability for tax, the amount to be collected or the enforcement of other state tax revenue laws.

G. If an organization is exempt from this state's income tax as provided in section 43-1201 for any taxable year, the name and address of the organization and the application filed by the organization on which the department made its determination for exemption together with any papers submitted in support of the application and any letter or document issued by the department concerning the application are open to public inspection.

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H. Confidential information relating to transaction privilege tax, use tax, severance tax, jet fuel excise and use tax and ~~and~~ any other tax collected by the department on behalf of the county may be disclosed to any county, city or town tax official if the information relates to a taxpayer who is or may be taxable by the county, city or town. Any taxpayer information released by the department to the county, city or town:

1. May only be used for internal purposes.

2. May not be disclosed to the public in any manner that does not comply with confidentiality standards established by the department. The county, city or town shall agree in writing with the department that any release of confidential information that violates the confidentiality standards adopted by the department will result in the immediate suspension of any rights of the county, city or town to receive taxpayer information under this subsection.

I. The department may disclose statistical information gathered from confidential information if it does not disclose confidential information attributable to any one taxpayer. The department may disclose statistical information gathered from confidential information, even if it discloses confidential information attributable to a taxpayer, to:

1. The state treasurer in order to comply with the requirements of section 42-5029, subsection A, paragraph 3.

2. The joint legislative income tax credit review committee and the joint legislative budget committee staff in order to comply with the requirements of section 43-221.

J. The department may disclose the aggregate amounts of any tax credit, tax deduction or tax exemption enacted after January 1, 1994. Information subject to disclosure under this subsection shall not be disclosed if a taxpayer demonstrates to the department that such information would give an unfair advantage to competitors.

K. Except as provided in section 42-2002, subsection C, confidential information, described in section 42-2001, paragraph 1, subdivision (a), item (ii), may be disclosed to law enforcement agencies for law enforcement purposes.

L. The department may provide transaction privilege tax license information to property tax officials in a county for the purpose of identification and verification of the tax status of commercial property.

M. The department may provide transaction privilege tax, luxury tax, use tax, property tax and severance tax information to the ombudsman-citizens aide pursuant to title 41, chapter 8, article 5.

N. Except as provided in section 42-2002, subsection D, a court may order the department to disclose confidential information pertaining to a party to an action. An order shall be made only upon a showing of good cause

and that the party seeking the information has made demand upon the taxpayer for the information.

O. This section does not prohibit the disclosure by the department of any information or documents submitted to the department by a bingo licensee. Before disclosing the information the department shall obtain the name and address of the person requesting the information.

P. If the department is required or permitted to disclose confidential information, it may charge the person or agency requesting the information for the reasonable cost of its services.

Q. Except as provided in section 42-2002, subsection D, the department of revenue shall release confidential information as requested by the department of economic security pursuant to section 42-1122 or 46-291. Information disclosed under this subsection is limited to the same type of information that the United States internal revenue service is authorized to disclose under section 6103(l)(6) of the internal revenue code.

R. Except as provided in section 42-2002, subsection D, the department of revenue shall release confidential information as requested by the courts and clerks of the court pursuant to section 42-1122.

S. To comply with the requirements of section 42-5031, the department may disclose to the state treasurer, to the county stadium district board of directors and to any city or town tax official that is part of the county stadium district confidential information attributable to a taxpayer's business activity conducted in the county stadium district.

T. The department shall release confidential information as requested by the attorney general for purposes of determining compliance with and enforcing section 44-7101, the master settlement agreement referred to therein and subsequent agreements to which the state is a party that amend or implement the master settlement agreement. Information disclosed under this subsection is limited to luxury tax information relating to tobacco manufacturers, distributors, wholesalers and retailers and information collected by the department pursuant to section 44-7101(2)(j).

U. For proceedings before the department, the office of administrative hearings, the board of tax appeals or any state or federal court involving penalties that were assessed against a return preparer, an electronic return preparer or a payroll service company pursuant to section 42-1103.02, 42-1125.01 or 43-419, confidential information may be disclosed only before the judge or administrative law judge adjudicating the proceeding, the parties to the proceeding and the parties' representatives in the proceeding prior to its introduction into evidence in the proceeding. The confidential information may be introduced as evidence in the proceeding only if the taxpayer's name, the names of any dependents listed on the return, all social security numbers, the taxpayer's address, the taxpayer's signature and any attachments containing any of the foregoing information are redacted and if either:

1. The treatment of an item reflected on such return is or may be related to the resolution of an issue in the proceeding.

2. Such return or return information relates or may relate to a transactional relationship between a person who is a party to the proceeding and the taxpayer which directly affects the resolution of an issue in the proceeding.

3. The method of payment of the taxpayer's withholding tax liability or the method of filing the taxpayer's withholding tax return is an issue for the period.

V. The department may disclose to the attorney general confidential information received under section 44-7111 and requested by the attorney general for purposes of determining compliance with and enforcing section 44-7111. The department and attorney general shall share with each other the information received under section 44-7111, and may share the information with other federal, state or local agencies only for the purposes of enforcement of section [13-3711,] 36-798.06, 44-7101[~~,~~ OR] 44-7111 or corresponding laws of other states. **Chs. 9, 40, 114 and 222**

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W. The department may provide the name and address of qualifying hospitals and qualifying health care organizations, as defined in section 42-5001, to a business classified and reporting transaction privilege tax under the utilities classification.

X. The department may disclose to the attorney general confidential information requested by the attorney general for the purposes of determining compliance with and enforcing section 13-3711 OR 36-798.06.

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Y. The department may disclose to an official of any city, town or county in a current agreement or considering a prospective agreement with the department as described in section 42-5032.02, subsection F any information relating to amounts subject to distribution required by section 42-5032.02. Information disclosed by the department under this subsection:

1. May only be used by the city, town or county for internal purposes.

2. May not be disclosed to the public in any manner that does not comply with confidentiality standards established by the department. The city, town or county must agree with the department in writing that any release of confidential information that violates the confidentiality standards will result in the immediate suspension of any rights of the city, town or county to receive information under this subsection.

EXPLANATION OF BLEND
SECTION 42-5061

Laws 2013, First Special Session, Chapter 9
Laws 2013, First Regular Session, Chapters 120 and 233

Laws 2013, First Special Session, Ch. 9, section 5	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 120, section 1	Effective September 13, 2013 (Retroactive to October 1, 2007)
Laws 2013, First Regular Session, Ch. 233, section 1	Effective September 13, 2013 (Retroactive to January 1, 1999)

Explanation

Since these three enactments are not incompatible, the Laws 2013, First Special Session, Ch. 9 and Laws 2013, First Regular Session, Ch. 120, and Ch. 233 text changes to section 42-5061 are blended in the form shown on the following pages.

Section 42-5061 was amended an additional time by Laws 2013, First Regular Session, Ch. 255 with a delayed effective date that will require separate publication in addition to this blend.

BLEND OF SECTION 42-5061
Laws 2013, First Special Session, Chapter 9 and Laws 2013, First Regular Session, Chapters 120 and 233

42-5061. Retail classification; definitions

A. The retail classification is comprised of the business of selling tangible personal property at retail. The tax base for the retail classification is the gross proceeds of sales or gross income derived from the business. The tax imposed on the retail classification does not apply to the gross proceeds of sales or gross income from:

1. Professional or personal service occupations or businesses that involve sales or transfers of tangible personal property only as inconsequential elements.

2. Services rendered in addition to selling tangible personal property at retail.

3. Sales of warranty or service contracts. The storage, use or consumption of tangible personal property provided under the conditions of such contracts is subject to tax under section 42-5156.

4. Sales of tangible personal property by any nonprofit organization organized and operated exclusively for charitable purposes and recognized by the United States internal revenue service under section 501(c)(3) of the internal revenue code.

5. Sales to persons engaged in business classified under the restaurant classification of articles used by human beings for food, drink or condiment, whether simple, mixed or compounded.

6. Business activity that is properly included in any other business classification that is taxable under this article.

7. The sale of stocks and bonds.

8. Drugs and medical oxygen, including delivery hose, mask or tent, regulator and tank, on the prescription of a member of the medical, dental or veterinarian profession who is licensed by law to administer such substances.

9. Prosthetic appliances as defined in section 23-501 prescribed or recommended by a health professional who is licensed pursuant to title 32, chapter 7, 8, 11, 13, 14, 15, 16, 17 or 29.

10. Insulin, insulin syringes and glucose test strips.

11. Prescription eyeglasses or contact lenses.

12. Hearing aids as defined in section 36-1901.

13. Durable medical equipment which has a centers for medicare and medicaid services common procedure code, is designated reimbursable by medicare, is prescribed by a person who is licensed under title 32, chapter 7, 8, 13, 14, 15, 17 or 29, can withstand repeated use, is primarily and customarily used to serve a medical purpose, is generally not useful to a person in the absence of illness or injury and is appropriate for use in the home.

14. Sales to nonresidents of this state for use outside this state if the vendor ships or delivers the tangible personal property out of this state.

15. Food, as provided in and subject to the conditions of article 3 of this chapter and section 42-5074.

16. Items purchased with United States department of agriculture food stamp coupons issued under the food stamp act of 1977 (P.L. 95-113; 91 Stat. 958) or food instruments issued under section 17 of the child nutrition act (P.L. 95-627; 92 Stat. 3603; P.L. 99-661, section 4302; 42 United States Code section 1786).

17. Textbooks by any bookstore that are required by any state university or community college.

18. Food and drink to a person who is engaged in business that is classified under the restaurant classification and that provides such food and drink without monetary charge to its employees for their own consumption on the premises during the employees' hours of employment.

19. Articles of food, drink or condiment and accessory tangible personal property to a school district or charter school if such articles and accessory tangible personal property are to be prepared and served to persons for consumption on the premises of a public school within the district or on the premises of the charter school during school hours.

20. Lottery tickets or shares pursuant to title 5, chapter 5.1, article 1.

21. The sale of CASH EQUIVALENTS AND THE SALE OF precious metal bullion and monetized bullion to the ultimate consumer, but the sale of coins or other forms of money for manufacture into jewelry or works of art is subject to the tax AND THE GROSS PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM THE REDEMPTION OF ANY CASH EQUIVALENT BY THE HOLDER AS A MEANS OF PAYMENT FOR GOODS OR SERVICES THAT ARE TAXABLE UNDER THIS ARTICLE IS SUBJECT TO THE TAX. For the purposes of this paragraph:

(a) "CASH EQUIVALENTS" MEANS ITEMS OR INTANGIBLES, WHETHER OR NOT NEGOTIABLE, THAT ARE SOLD TO ONE OR MORE PERSONS, THROUGH WHICH A VALUE DENOMINATED IN MONEY IS PURCHASED IN ADVANCE AND MAY BE REDEEMED IN FULL OR IN PART FOR TANGIBLE PERSONAL PROPERTY, INTANGIBLES OR SERVICES. CASH EQUIVALENTS INCLUDE GIFT CARDS, STORED VALUE CARDS, GIFT CERTIFICATES, VOUCHERS, TRAVELER'S CHECKS, MONEY ORDERS OR OTHER INSTRUMENTS, ORDERS OR ELECTRONIC MECHANISMS, SUCH AS AN ELECTRONIC CODE, PERSONAL IDENTIFICATION NUMBER OR DIGITAL PAYMENT MECHANISM, OR ANY OTHER PREPAID INTANGIBLE RIGHT TO ACQUIRE TANGIBLE PERSONAL PROPERTY, INTANGIBLES OR SERVICES IN THE FUTURE, WHETHER FROM THE SELLER OF THE CASH EQUIVALENT OR FROM ANOTHER PERSON. CASH EQUIVALENTS DO NOT INCLUDE EITHER OF THE FOLLOWING:

(i) ITEMS OR INTANGIBLES THAT ARE SOLD TO ONE OR MORE PERSONS, THROUGH WHICH A VALUE IS NOT DENOMINATED IN MONEY.

(ii) PREPAID CALLING CARDS OR PREPAID AUTHORIZATION NUMBERS FOR TELECOMMUNICATIONS SERVICES MADE TAXABLE BY SUBSECTION Q OF THIS SECTION.

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~~(a)~~ (b) "Monetized bullion" means coins and other forms of money that are manufactured from gold, silver or other metals and that have been or are used as a medium of exchange in this or another state, the United States or a foreign nation.

~~(b)~~ (c) "Precious metal bullion" means precious metal, including gold, silver, platinum, rhodium and palladium, that has been smelted or refined so that its value depends on its contents and not on its form.

22. Motor vehicle fuel and use fuel that are subject to a tax imposed under title 28, chapter 16, article 1, sales of use fuel to a holder of a valid single trip use fuel tax permit issued under section 28-5739, sales of aviation fuel that are subject to the tax imposed under section 28-8344 and sales of jet fuel that are subject to the tax imposed under article 8 of this chapter.

23. Tangible personal property sold to a person engaged in the business of leasing or renting such property under the personal property rental classification if such property is to be leased or rented by such person.

24. Tangible personal property sold in interstate or foreign commerce if prohibited from being so taxed by the Constitution of the United States or the constitution of this state.

25. Tangible personal property sold to:

(a) A qualifying hospital as defined in section 42-5001.

(b) A qualifying health care organization as defined in section 42-5001 if the tangible personal property is used by the organization solely to provide health and medical related educational and charitable services.

(c) A qualifying health care organization as defined in section 42-5001 if the organization is dedicated to providing educational, therapeutic, rehabilitative and family medical education training for blind, visually impaired and multihandicapped children from the time of birth to age twenty-one.

(d) A qualifying community health center as defined in section 42-5001.

(e) A nonprofit charitable organization that has qualified under section 501(c)(3) of the internal revenue code and that regularly serves meals to the needy and indigent on a continuing basis at no cost.

(f) For taxable periods beginning from and after June 30, 2001, a nonprofit charitable organization that has qualified under section 501(c)(3) of the internal revenue code and that provides residential apartment housing for low income persons over sixty-two years of age in a facility that qualifies for a federal housing subsidy, if the tangible personal property is used by the organization solely to provide residential apartment housing for low income persons over sixty-two years of age in a facility that qualifies for a federal housing subsidy.

26. Magazines or other periodicals or other publications by this state to encourage tourist travel.

27. Tangible personal property sold to a person that is subject to tax under this article by reason of being engaged in business classified under the prime contracting classification under section 42-5075, or to a subcontractor working under the control of a prime contractor that is subject to tax under article 1 of this chapter, if the property so sold is any of the following:

(a) Incorporated or fabricated by the person into any real property, structure, project, development or improvement as part of the business.

(b) Used in environmental response or remediation activities under section 42-5075, subsection B, paragraph 6.

28. The sale of a motor vehicle to:

(a) A nonresident of this state if the purchaser's state of residence does not allow a corresponding use tax exemption to the tax imposed by article 1 of this chapter and if the nonresident has secured a special ninety day nonresident registration permit for the vehicle as prescribed by sections 28-2154 and 28-2154.01.

(b) An enrolled member of an Indian tribe who resides on the Indian reservation established for that tribe.

29. Tangible personal property purchased in this state by a nonprofit charitable organization that has qualified under section 501(c)(3) of the United States internal revenue code and that engages in and uses such property exclusively in programs for mentally or physically handicapped persons if the programs are exclusively for training, job placement, rehabilitation or testing.

30. Sales of tangible personal property by a nonprofit organization that is exempt from taxation under section 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the organization is associated with a major league baseball team or a national touring professional golfing association and no part of the organization's net earnings inures to the benefit of any private shareholder or individual.

31. Sales of commodities, as defined by title 7 United States Code section 2, that are consigned for resale in a warehouse in this state in or from which the commodity is deliverable on a contract for future delivery subject to the rules of a commodity market regulated by the United States commodity futures trading commission.

32. Sales of tangible personal property by a nonprofit organization that is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or 501(c)(8) of the internal revenue code if the organization sponsors or operates a rodeo featuring primarily farm and ranch animals and no part of the organization's net earnings inures to the benefit of any private shareholder or individual.

33. Sales of seeds, seedlings, roots, bulbs, cuttings and other propagative material to persons who use those items to commercially produce agricultural, horticultural, viticultural or floricultural crops in this state.

34. Machinery, equipment, technology or related supplies that are only useful to assist a person who is physically disabled as defined in section 46-191, has a developmental disability as defined in section 36-551 or has a head injury as defined in section 41-3201 to be more independent and functional.

35. Sales of tangible personal property that is shipped or delivered directly to a destination outside the United States for use in that foreign country.

36. Sales of natural gas or liquefied petroleum gas used to propel a motor vehicle.

37. Paper machine clothing, such as forming fabrics and dryer felts, sold to a paper manufacturer and directly used or consumed in paper manufacturing.

38. Coal, petroleum, coke, natural gas, virgin fuel oil and electricity sold to a qualified environmental technology manufacturer, producer or

processor as defined in section 41-1514.02 and directly used or consumed in the generation or provision of on-site power or energy solely for environmental technology manufacturing, producing or processing or environmental protection. This paragraph shall apply for twenty full consecutive calendar or fiscal years from the date the first paper manufacturing machine is placed in service. In the case of an environmental technology manufacturer, producer or processor who does not manufacture paper, the time period shall begin with the date the first manufacturing, processing or production equipment is placed in service.

39. Sales of liquid, solid or gaseous chemicals used in manufacturing, processing, fabricating, mining, refining, metallurgical operations, research and development and, beginning on January 1, 1999, printing, if using or consuming the chemicals, alone or as part of an integrated system of chemicals, involves direct contact with the materials from which the product is produced for the purpose of causing or permitting a chemical or physical change to occur in the materials as part of the production process. This paragraph does not include chemicals that are used or consumed in activities such as packaging, storage or transportation but does not affect any deduction for such chemicals that is otherwise provided by this section. For the purposes of this paragraph, "printing" means a commercial printing operation and includes job printing, engraving, embossing, copying and bookbinding.

40. Through December 31, 1994, personal property liquidation transactions, conducted by a personal property liquidator. From and after December 31, 1994, personal property liquidation transactions shall be taxable under this section provided that nothing in this subsection shall be construed to authorize the taxation of casual activities or transactions under this chapter. For the purposes of this paragraph:

(a) "Personal property liquidation transaction" means a sale of personal property made by a personal property liquidator acting solely on behalf of the owner of the personal property sold at the dwelling of the owner or on the death of any owner, on behalf of the surviving spouse, if any, any devisee or heir or the personal representative of the estate of the deceased, if one has been appointed.

(b) "Personal property liquidator" means a person who is retained to conduct a sale in a personal property liquidation transaction.

41. Sales of food, drink and condiment for consumption within the premises of any prison, jail or other institution under the jurisdiction of the state department of corrections, the department of public safety, the department of juvenile corrections or a county sheriff.

42. A motor vehicle and any repair and replacement parts and tangible personal property becoming a part of such motor vehicle sold to a motor carrier who is subject to a fee prescribed in title 28, chapter 16, article 4 and who is engaged in the business of leasing or renting such property.

43. Livestock and poultry feed, salts, vitamins and other additives for livestock or poultry consumption that are sold to persons who are engaged in producing livestock, poultry, or livestock or poultry products or who are engaged in feeding livestock or poultry commercially. For the purposes of this paragraph, "poultry" includes ratites.

44. Sales of implants used as growth promotants and injectable medicines, not already exempt under paragraph 8 of this subsection, for livestock or poultry owned by or in possession of persons who are engaged in producing livestock, poultry, or livestock or poultry products or who are engaged in feeding livestock or poultry commercially. For the purposes of this paragraph, "poultry" includes ratites.

45. Sales of motor vehicles at auction to nonresidents of this state for use outside this state if the vehicles are shipped or delivered out of this state, regardless of where title to the motor vehicles passes or its free on board point.

46. Tangible personal property sold to a person engaged in business and subject to tax under the transient lodging classification if the tangible personal property is a personal hygiene item or articles used by human beings for food, drink or condiment, except alcoholic beverages, that are furnished without additional charge to and intended to be consumed by the transient during the transient's occupancy.

47. Sales of alternative fuel, as defined in section 1-215, to a used oil fuel burner who has received a permit to burn used oil or used oil fuel under section 49-426 or 49-480.

48. Sales of materials that are purchased by or for publicly funded libraries including school district libraries, charter school libraries, community college libraries, state university libraries or federal, state, county or municipal libraries for use by the public as follows:

(a) Printed or photographic materials, beginning August 7, 1985.

(b) Electronic or digital media materials, beginning July 17, 1994.

49. Tangible personal property sold to a commercial airline and consisting of food, beverages and condiments and accessories used for serving the food and beverages, if those items are to be provided without additional charge to passengers for consumption in flight. For the purposes of this paragraph, "commercial airline" means a person holding a federal certificate of public convenience and necessity or foreign air carrier permit for air transportation to transport persons, property or United States mail in intrastate, interstate or foreign commerce.

50. Sales of alternative fuel vehicles if the vehicle was manufactured as a diesel fuel vehicle and converted to operate on alternative fuel and equipment that is installed in a conventional diesel fuel motor vehicle to convert the vehicle to operate on an alternative fuel, as defined in section 1-215.

51. Sales of any spirituous, vinous or malt liquor by a person that is licensed in this state as a wholesaler by the department of liquor licenses and control pursuant to title 4, chapter 2, article 1.

52. Sales of tangible personal property to be incorporated or installed as part of environmental response or remediation activities under section 42-5075, subsection B, paragraph 6.

53. Sales of tangible personal property by a nonprofit organization that is exempt from taxation under section 501(c)(6) of the internal revenue code if the organization produces, organizes or promotes cultural or civic related festivals or events and no part of the organization's net earnings inures to the benefit of any private shareholder or individual.

54. Through August 31, 2014, sales of Arizona centennial medallions by the historical advisory commission.

55. Application services that are designed to assess or test student learning or to promote curriculum design or enhancement purchased by or for any school district, charter school, community college or state university. For the purposes of this paragraph:

(a) "Application services" means software applications provided remotely using hypertext transfer protocol or another network protocol.

(b) "Curriculum design or enhancement" means planning, implementing or reporting on courses of study, lessons, assignments or other learning activities.

56. Sales of motor vehicle fuel and use fuel to a qualified business under section 41-1516 for off-road use in harvesting, processing or transporting qualifying forest products removed from qualifying projects as defined in section 41-1516.

57. Sales of repair parts installed in equipment used directly by a qualified business under section 41-1516 in harvesting, processing or transporting qualifying forest products removed from qualifying projects as defined in section 41-1516.

58. Sales or other transfers of renewable energy credits or any other unit created to track energy derived from renewable energy resources. For the purposes of this paragraph, "renewable energy credit" means a unit created administratively by the corporation commission or governing body of a public power utility to track kilowatt hours of electricity derived from a renewable energy resource or the kilowatt hour equivalent of conventional energy resources displaced by distributed renewable energy resources.

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59. COMPUTER DATA CENTER EQUIPMENT PURCHASED BY THE OWNER, OPERATOR OR QUALIFIED COLOCATION TENANT OF THE COMPUTER DATA CENTER OR AN AUTHORIZED AGENT OF THE OWNER, OPERATOR OR QUALIFIED COLOCATION TENANT DURING THE QUALIFICATION PERIOD FOR USE IN A COMPUTER DATA CENTER THAT IS CERTIFIED BY THE ARIZONA COMMERCE AUTHORITY UNDER SECTION 41-1519. TO QUALIFY FOR THIS DEDUCTION, AT THE TIME OF PURCHASE, THE OWNER, OPERATOR OR QUALIFIED COLOCATION TENANT MUST PRESENT TO THE RETAILER ITS CERTIFICATE THAT IS ISSUED PURSUANT TO SECTION 41-1519 AND THAT ESTABLISHES ITS QUALIFICATION FOR THE DEDUCTION. FOR THE PURPOSES OF THIS PARAGRAPH, "COMPUTER DATA CENTER", "COMPUTER DATA CENTER EQUIPMENT", "QUALIFICATION PERIOD" AND "QUALIFIED COLOCATION TENANT" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 41-1519.

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60. ORTHODONTIC DEVICES DISPENSED BY A DENTAL PROFESSIONAL WHO IS LICENSED UNDER TITLE 32, CHAPTER 11 TO A PATIENT AS PART OF THE PRACTICE OF DENTISTRY.

B. In addition to the deductions from the tax base prescribed by subsection A of this section, the gross proceeds of sales or gross income derived from sales of the following categories of tangible personal property shall be deducted from the tax base:

1. Machinery, or equipment, used directly in manufacturing, processing, fabricating, job printing, refining or metallurgical operations. The terms "manufacturing", "processing", "fabricating", "job printing", "refining" and "metallurgical" as used in this paragraph refer to and include those operations commonly understood within their ordinary meaning.

"Metallurgical operations" includes leaching, milling, precipitating, smelting and refining.

2. Mining machinery, or equipment, used directly in the process of extracting ores or minerals from the earth for commercial purposes, including equipment required to prepare the materials for extraction and handling, loading or transporting such extracted material to the surface. "Mining" includes underground, surface and open pit operations for extracting ores and minerals.

3. Tangible personal property sold to persons engaged in business classified under the telecommunications classification and consisting of central office switching equipment, switchboards, private branch exchange equipment, microwave radio equipment and carrier equipment including optical fiber, coaxial cable and other transmission media which are components of carrier systems.

4. Machinery, equipment or transmission lines used directly in producing or transmitting electrical power, but not including distribution. Transformers and control equipment used at transmission substation sites constitute equipment used in producing or transmitting electrical power.

5. Neat animals, horses, asses, sheep, ratites, swine or goats used or to be used as breeding or production stock, including sales of breedings or ownership shares in such animals used for breeding or production.

6. Pipes or valves four inches in diameter or larger used to transport oil, natural gas, artificial gas, water or coal slurry, including compressor units, regulators, machinery and equipment, fittings, seals and any other part that is used in operating the pipes or valves.

7. Aircraft, navigational and communication instruments and other accessories and related equipment sold to:

(a) A person holding a federal certificate of public convenience and necessity, a supplemental air carrier certificate under federal aviation regulations (14 Code of Federal Regulations part 121) or a foreign air carrier permit for air transportation for use as or in conjunction with or becoming a part of aircraft to be used to transport persons, property or United States mail in intrastate, interstate or foreign commerce.

(b) Any foreign government.

(c) Persons who are not residents of this state and who will not use such property in this state other than in removing such property from this state. This subdivision also applies to corporations that are not incorporated in this state, regardless of maintaining a place of business in this state, if the principal corporate office is located outside this state and the property will not be used in this state other than in removing the property from this state.

8. Machinery, tools, equipment and related supplies used or consumed directly in repairing, remodeling or maintaining aircraft, aircraft engines or aircraft component parts by or on behalf of a certificated or licensed carrier of persons or property.

9. Railroad rolling stock, rails, ties and signal control equipment used directly to transport persons or property.

10. Machinery or equipment used directly to drill for oil or gas or used directly in the process of extracting oil or gas from the earth for commercial purposes.

11. Buses or other urban mass transit vehicles which are used directly to transport persons or property for hire or pursuant to a governmentally adopted and controlled urban mass transportation program and which are sold to bus companies holding a federal certificate of convenience and necessity or operated by any city, town or other governmental entity or by any person contracting with such governmental entity as part of a governmentally adopted and controlled program to provide urban mass transportation.

12. Groundwater measuring devices required under section 45-604.

13. New machinery and equipment consisting of tractors, tractor-drawn implements, self-powered implements, machinery and equipment necessary for extracting milk, and machinery and equipment necessary for cooling milk and livestock, and drip irrigation lines not already exempt under paragraph 6 of this subsection and that are used for commercial production of agricultural, horticultural, viticultural and floricultural crops and products in this state. For the purposes of this paragraph:

(a) "New machinery and equipment" means machinery and equipment that have never been sold at retail except pursuant to leases or rentals which do not total two years or more.

(b) "Self-powered implements" includes machinery and equipment that are electric-powered.

14. Machinery or equipment used in research and development. For the purposes of this paragraph, "research and development" means basic and applied research in the sciences and engineering, and designing, developing or testing prototypes, processes or new products, including research and development of computer software that is embedded in or an integral part of the prototype or new product or that is required for machinery or equipment otherwise exempt under this section to function effectively. Research and development do not include manufacturing quality control, routine consumer product testing, market research, sales promotion, sales service, research in social sciences or psychology, computer software research that is not included in the definition of research and development, or other nontechnological activities or technical services.

15. Tangible personal property that is used by either of the following to receive, store, convert, produce, generate, decode, encode, control or transmit telecommunications information:

(a) Any direct broadcast satellite television or data transmission service that operates pursuant to 47 Code of Federal Regulations part 25.

(b) Any satellite television or data transmission facility, if both of the following conditions are met:

(i) Over two-thirds of the transmissions, measured in megabytes, transmitted by the facility during the test period were transmitted to or on behalf of one or more direct broadcast satellite television or data transmission services that operate pursuant to 47 Code of Federal Regulations part 25.

(ii) Over two-thirds of the transmissions, measured in megabytes, transmitted by or on behalf of those direct broadcast television or data transmission services during the test period were transmitted by the facility to or on behalf of those services.

For the purposes of subdivision (b) of this paragraph, "test period" means the three hundred sixty-five day period beginning on the later of the date on

which the tangible personal property is purchased or the date on which the direct broadcast satellite television or data transmission service first transmits information to its customers.

16. Clean rooms that are used for manufacturing, processing, fabrication or research and development, as defined in paragraph 14 of this subsection, of semiconductor products. For the purposes of this paragraph, "clean room" means all property that comprises or creates an environment where humidity, temperature, particulate matter and contamination are precisely controlled within specified parameters, without regard to whether the property is actually contained within that environment or whether any of the property is affixed to or incorporated into real property. Clean room:

(a) Includes the integrated systems, fixtures, piping, movable partitions, lighting and all property that is necessary or adapted to reduce contamination or to control airflow, temperature, humidity, chemical purity or other environmental conditions or manufacturing tolerances, as well as the production machinery and equipment operating in conjunction with the clean room environment.

(b) Does not include the building or other permanent, nonremovable component of the building that houses the clean room environment.

17. Machinery and equipment used directly in the feeding of poultry, the environmental control of housing for poultry, the movement of eggs within a production and packaging facility or the sorting or cooling of eggs. This exemption does not apply to vehicles used for transporting eggs.

18. Machinery or equipment, including related structural components, that is employed in connection with manufacturing, processing, fabricating, job printing, refining, mining, natural gas pipelines, metallurgical operations, telecommunications, producing or transmitting electricity or research and development and that is used directly to meet or exceed rules or regulations adopted by the federal energy regulatory commission, the United States environmental protection agency, the United States nuclear regulatory commission, the Arizona department of environmental quality or a political subdivision of this state to prevent, monitor, control or reduce land, water or air pollution.

19. Machinery and equipment that are sold to a person engaged in the commercial production of livestock, livestock products or agricultural, horticultural, viticultural or floricultural crops or products in this state and that are used directly and primarily to prevent, monitor, control or reduce air, water or land pollution.

20. Machinery or equipment that enables a television station to originate and broadcast or to receive and broadcast digital television signals and that was purchased to facilitate compliance with the telecommunications act of 1996 (P.L. 104-104; 110 Stat. 56; 47 United States Code section 336) and the federal communications commission order issued April 21, 1997 (47 Code of Federal Regulations part 73). This paragraph does not exempt any of the following:

(a) Repair or replacement parts purchased for the machinery or equipment described in this paragraph.

(b) Machinery or equipment purchased to replace machinery or equipment for which an exemption was previously claimed and taken under this paragraph.

(c) Any machinery or equipment purchased after the television station has ceased analog broadcasting, or purchased after November 1, 2009, whichever occurs first.

21. Qualifying equipment that is purchased from and after June 30, 2004 through June 30, 2024 by a qualified business under section 41-1516 for harvesting or processing qualifying forest products removed from qualifying projects as defined in section 41-1516. To qualify for this deduction, the qualified business at the time of purchase must present its certification approved by the department.

C. The deductions provided by subsection B of this section do not include sales of:

1. Expendable materials. For the purposes of this paragraph, expendable materials do not include any of the categories of tangible personal property specified in subsection B of this section regardless of the cost or useful life of that property.

2. Janitorial equipment and hand tools.

3. Office equipment, furniture and supplies.

4. Tangible personal property used in selling or distributing activities, other than the telecommunications transmissions described in subsection B, paragraph ~~16~~ 15 of this section.

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5. Motor vehicles required to be licensed by this state, except buses or other urban mass transit vehicles specifically exempted pursuant to subsection B, paragraph 11 of this section, without regard to the use of such motor vehicles.

6. Shops, buildings, docks, depots and all other materials of whatever kind or character not specifically included as exempt.

7. Motors and pumps used in drip irrigation systems.

D. In addition to the deductions from the tax base prescribed by subsection A of this section, there shall be deducted from the tax base the gross proceeds of sales or gross income derived from sales of machinery, equipment, materials and other tangible personal property used directly and predominantly to construct a qualified environmental technology manufacturing, producing or processing facility as described in section 41-1514.02. This subsection applies for ten full consecutive calendar or fiscal years after the start of initial construction.

E. In computing the tax base, gross proceeds of sales or gross income from retail sales of heavy trucks and trailers does not include any amount attributable to federal excise taxes imposed by 26 United States Code section 4051.

F. In computing the tax base, gross proceeds of sales or gross income from the sale of use fuel, as defined in section 28-5601, does not include any amount attributable to federal excise taxes imposed by 26 United States Code section 4091.

G. If a person is engaged in an occupation or business to which subsection A of this section applies, the person's books shall be kept so as to show separately the gross proceeds of sales of tangible personal property and the gross income from sales of services, and if not so kept the tax shall be imposed on the total of the person's gross proceeds of sales of tangible personal property and gross income from services.

H. If a person is engaged in the business of selling tangible personal property at both wholesale and retail, the tax under this section applies only to the gross proceeds of the sales made other than at wholesale if the person's books are kept so as to show separately the gross proceeds of sales of each class, and if the books are not so kept, the tax under this section applies to the gross proceeds of every sale so made.

I. A person who engages in manufacturing, baling, crating, boxing, barreling, canning, bottling, sacking, preserving, processing or otherwise preparing for sale or commercial use any livestock, agricultural or horticultural product or any other product, article, substance or commodity and who sells the product of such business at retail in this state is deemed, as to such sales, to be engaged in business classified under the retail classification. This subsection does not apply to businesses classified under the:

1. Transporting classification.
2. Utilities classification.
3. Telecommunications classification.
4. Pipeline classification.
5. Private car line classification.
6. Publication classification.
7. Job printing classification.
8. Prime contracting classification.
9. Owner builder sales classification.
10. Restaurant classification.

J. The gross proceeds of sales or gross income derived from the following shall be deducted from the tax base for the retail classification:

1. Sales made directly to the United States government or its departments or agencies by a manufacturer, modifier, assembler or repairer.

2. Sales made directly to a manufacturer, modifier, assembler or repairer if such sales are of any ingredient or component part of products sold directly to the United States government or its departments or agencies by the manufacturer, modifier, assembler or repairer.

3. Overhead materials or other tangible personal property that is used in performing a contract between the United States government and a manufacturer, modifier, assembler or repairer, including property used in performing a subcontract with a government contractor who is a manufacturer, modifier, assembler or repairer, to which title passes to the government under the terms of the contract or subcontract.

4. Sales of overhead materials or other tangible personal property to a manufacturer, modifier, assembler or repairer if the gross proceeds of sales or gross income derived from the property by the manufacturer, modifier, assembler or repairer will be exempt under paragraph 3 of this subsection.

K. There shall be deducted from the tax base fifty per cent of the gross proceeds or gross income from any sale of tangible personal property made directly to the United States government or its departments or agencies, which is not deducted under subsection J of this section.

L. The department shall require every person claiming a deduction provided by subsection J or K of this section to file on forms prescribed by the department at such times as the department directs a sworn statement

disclosing the name of the purchaser and the exact amount of sales on which the exclusion or deduction is claimed.

M. In computing the tax base, gross proceeds of sales or gross income does not include:

1. A manufacturer's cash rebate on the sales price of a motor vehicle if the buyer assigns the buyer's right in the rebate to the retailer.

2. The waste tire disposal fee imposed pursuant to section 44-1302.

N. There shall be deducted from the tax base the amount received from sales of solar energy devices. The retailer shall register with the department as a solar energy retailer. By registering, the retailer acknowledges that it will make its books and records relating to sales of solar energy devices available to the department for examination.

O. In computing the tax base in the case of the sale or transfer of wireless telecommunications equipment as an inducement to a customer to enter into or continue a contract for telecommunications services that are taxable under section 42-5064, gross proceeds of sales or gross income does not include any sales commissions or other compensation received by the retailer as a result of the customer entering into or continuing a contract for the telecommunications services.

P. For the purposes of this section, a sale of wireless telecommunications equipment to a person who holds the equipment for sale or transfer to a customer as an inducement to enter into or continue a contract for telecommunications services that are taxable under section 42-5064 is considered to be a sale for resale in the regular course of business.

Q. Retail sales of prepaid calling cards or prepaid authorization numbers for telecommunications services, including sales of reauthorization of a prepaid card or authorization number, are subject to tax under this section.

R. For the purposes of this section, the diversion of gas from a pipeline by a person engaged in the business of:

1. Operating a natural or artificial gas pipeline, for the sole purpose of fueling compressor equipment to pressurize the pipeline, is not a sale of the gas to the operator of the pipeline.

2. Converting natural gas into liquefied natural gas, for the sole purpose of fueling compressor equipment used in the conversion process, is not a sale of gas to the operator of the compressor equipment.

S. If a seller is entitled to a deduction pursuant to subsection B, paragraph 15, subdivision (b) of this section, the department may require the purchaser to establish that the requirements of subsection B, paragraph 15, subdivision (b) of this section have been satisfied. If the purchaser cannot establish that the requirements of subsection B, paragraph 15, subdivision (b) of this section have been satisfied, the purchaser is liable in an amount equal to any tax, penalty and interest which the seller would have been required to pay under article 1 of this chapter if the seller had not made a deduction pursuant to subsection B, paragraph 15, subdivision (b) of this section. Payment of the amount under this subsection exempts the purchaser from liability for any tax imposed under article 4 of this chapter and related to the tangible personal property purchased. The amount shall be treated as transaction privilege tax to the purchaser and as tax revenues

collected from the seller to designate the distribution base pursuant to section 42-5029.

T. For the purposes of section 42-5032.01, the department shall separately account for revenues collected under the retail classification from businesses selling tangible personal property at retail:

1. On the premises of a multipurpose facility that is owned, leased or operated by the tourism and sports authority pursuant to title 5, chapter 8.

2. At professional football contests that are held in a stadium located on the campus of an institution under the jurisdiction of the Arizona board of regents.

U. In computing the tax base for the sale of a motor vehicle to a nonresident of this state, if the purchaser's state of residence allows a corresponding use tax exemption to the tax imposed by article 1 of this chapter and the rate of the tax in the purchaser's state of residence is lower than the rate prescribed in article 1 of this chapter or if the purchaser's state of residence does not impose an excise tax, and the nonresident has secured a special ninety day nonresident registration permit for the vehicle as prescribed by sections 28-2154 and 28-2154.01, there shall be deducted from the tax base a portion of the gross proceeds or gross income from the sale so that the amount of transaction privilege tax that is paid in this state is equal to the excise tax that is imposed by the purchaser's state of residence on the nonexempt sale or use of the motor vehicle.

V. For the purposes of this section:

1. "Aircraft" includes:

(a) An airplane flight simulator that is approved by the federal aviation administration for use as a phase II or higher flight simulator under appendix H, 14 Code of Federal Regulations part 121.

(b) Tangible personal property that is permanently affixed or attached as a component part of an aircraft that is owned or operated by a certificated or licensed carrier of persons or property.

2. "Other accessories and related equipment" includes aircraft accessories and equipment such as ground service equipment that physically contact aircraft at some point during the overall carrier operation.

3. "Selling at retail" means a sale for any purpose other than for resale in the regular course of business in the form of tangible personal property, but transfer of possession, lease and rental as used in the definition of sale mean only such transactions as are found on investigation to be in lieu of sales as defined without the words lease or rental.

W. For the purposes of subsection J of this section:

1. "Assembler" means a person who unites or combines products, wares or articles of manufacture so as to produce a change in form or substance without changing or altering the component parts.

2. "Manufacturer" means a person who is principally engaged in the fabrication, production or manufacture of products, wares or articles for use from raw or prepared materials, imparting to those materials new forms, qualities, properties and combinations.

3. "Modifier" means a person who reworks, changes or adds to products, wares or articles of manufacture.

4. "Overhead materials" means tangible personal property, the gross proceeds of sales or gross income derived from that would otherwise be

included in the retail classification, and that are used or consumed in the performance of a contract, the cost of which is charged to an overhead expense account and allocated to various contracts based on generally accepted accounting principles and consistent with government contract accounting standards.

5. "Repairer" means a person who restores or renews products, wares or articles of manufacture.

6. "Subcontract" means an agreement between a contractor and any person who is not an employee of the contractor for furnishing of supplies or services that, in whole or in part, are necessary to the performance of one or more government contracts, or under which any portion of the contractor's obligation under one or more government contracts is performed, undertaken or assumed and that includes provisions causing title to overhead materials or other tangible personal property used in the performance of the subcontract to pass to the government or that includes provisions incorporating such title passing clauses in a government contract into the subcontract.

EXPLANATION OF BLEND
SECTION 42-5071

Laws 2013, Chapters 114 and 236

Laws 2013, Ch. 114, section 7	Effective September 13, 2013
Laws 2013, Ch. 236, section 2	Effective September 13, 2013 (Retroactive to September 1, 2004)

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 114 and Ch. 236 text changes to section 42-5071 are blended in the form shown on the following pages.

Section 42-5071 was amended an additional time by Laws 2013, Ch. 255 with a delayed effective date that will require separate publication in addition to this blend.

BLEND OF SECTION 42-5071
Laws 2013, Chapters 114 and 236

42-5071. Personal property rental classification

A. The personal property rental classification is comprised of the business of leasing or renting tangible personal property for a consideration. The tax does not apply to:

1. Leasing or renting films, tapes or slides used by theaters or movies, which are engaged in business under the amusement classification, or used by television stations or radio stations.

2. Activities engaged in by the Arizona exposition and state fair board or county fair commissions in connection with events sponsored by such entities.

3. Leasing or renting tangible personal property by a parent corporation to a subsidiary corporation or by a subsidiary corporation to another subsidiary of the same parent corporation if taxes were paid under this chapter on the gross proceeds or gross income accruing from the initial sale of the tangible personal property. For the purposes of this paragraph, "subsidiary" means a corporation of which at least eighty per cent of the voting shares are owned by the parent corporation.

4. Operating coin-operated washing, drying and dry cleaning machines or coin-operated car washing machines at establishments for the use of such machines.

5. Leasing or renting tangible personal property for incorporation into or comprising any part of a qualified environmental technology facility as described in section 41-1514.02. This paragraph shall apply for ten full consecutive calendar or fiscal years following the initial lease or rental by each qualified environmental technology manufacturer, producer or processor.

6. Leasing or renting aircraft, flight simulators or similar training equipment to students or staff by nonprofit, accredited educational institutions that offer associate or baccalaureate degrees in aviation or aerospace related fields.

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7. Leasing or renting photographs, transparencies or other creative works used by this state on internet ~~web sites~~ WEBSITES, in magazines or in other publications that encourage tourism.

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8. LEASING OR RENTING CERTIFIED IGNITION INTERLOCK DEVICES INSTALLED PURSUANT TO THE REQUIREMENTS PRESCRIBED BY SECTION 28-1461. FOR THE PURPOSES OF THIS PARAGRAPH, "CERTIFIED IGNITION INTERLOCK DEVICE" HAS THE SAME MEANING PRESCRIBED IN SECTION 28-1301.

B. The tax base for the personal property rental classification is the gross proceeds of sales or gross income derived from the business, but the gross proceeds of sales or gross income derived from the following shall be deducted from the tax base:

1. Reimbursements by the lessee to the lessor of a motor vehicle for payments by the lessor of the applicable fees and taxes imposed by sections 28-2003, 28-2352, 28-2402, 28-2481 and 28-5801, title 28, chapter 15, article 2 and article IX, section 11, Constitution of Arizona, to the extent such amounts are separately identified as such fees and taxes and are billed to the lessee.

Ch. 236 2. Leases or rentals of tangible personal property ~~which~~ THAT, if it had been purchased instead of leased or rented by the lessee, would have been exempt under:

(a) Section 42-5061, subsection A, paragraph 8, 9, 12, 13, 25, 29, 50 or 55.

(b) Section 42-5061, subsection B, except that a lease or rental of new machinery or equipment is not exempt pursuant to:

(i) Section 42-5061, subsection B, paragraph 13 if the lease is for less than two years.

(ii) Section 42-5061, subsection B, paragraph 21.

(c) Section 42-5061, subsection J, paragraph 1.

(d) Section 42-5061, subsection N.

3. Motor vehicle fuel and use fuel that are subject to a tax imposed under title 28, chapter 16, article 1, sales of use fuel to a holder of a valid single trip use fuel tax permit issued under section 28-5739 and sales of aviation fuel that are subject to the tax imposed under section 28-8344.

4. Leasing or renting a motor vehicle subject to and upon which the fee has been paid under title 28, chapter 16, article 4.

5. Amounts received by a motor vehicle dealer for the first month of a lease payment if the lease and the lease payment for the first month of the lease are transferred to a third-party leasing company.

C. Sales of tangible personal property to be leased or rented to a person engaged in a business classified under the personal property rental classification are deemed to be resale sales.

D. In computing the tax base, the gross proceeds of sales or gross income from the lease or rental of a motor vehicle does not include any amount attributable to the car rental surcharge under section [5-839,] 28-5810 or 48-4234. Ch. 114

E. Until December 31, 1988, leasing or renting animals for recreational purposes is exempt from the tax imposed by this section. Beginning January 1, 1989, the gross proceeds or gross income from leasing or renting animals for recreational purposes is subject to taxation under this section. Tax liabilities, penalties and interest paid for taxable periods before January 1, 1989 shall not be refunded unless the taxpayer requesting the refund provides proof satisfactory to the department that the monies paid as taxes will be returned to the customer.

EXPLANATION OF BLEND
SECTION 42-5075

Laws 2013, First Special Session, Chapter 9
Laws 2013, First Regular Session, Chapter 153

Laws 2013, First Special Session, Ch. 9, section 6	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 153, section 1	Effective September 13, 2013 (Retroactive to July 1, 1997)

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 9 and Laws 2013, First Regular Session, Ch. 153 text changes to section 42-5075 are blended in the form shown on the following pages.

Section 42-5075 was amended an additional time by Laws 2013, First Regular Session, Ch. 255 with a delayed effective date that will require separate publication in addition to this blend.

BLEND OF SECTION 42-5075
Laws 2013, First Special Session, Chapter 9 and Laws 2013, First Regular Session, Chapter 153

42-5075. Prime contracting classification; exemptions; definitions

A. The prime contracting classification is comprised of the business of prime contracting and dealership of manufactured buildings. Sales for resale to another dealership of manufactured buildings are not subject to tax. Sales for resale do not include sales to a lessor of manufactured buildings. The sale of a used manufactured building is not taxable under this chapter. The proceeds from alteration and repairs to a used manufactured building are taxable under this section.

B. The tax base for the prime contracting classification is sixty-five per cent of the gross proceeds of sales or gross income derived from the business. The following amounts shall be deducted from the gross proceeds of sales or gross income before computing the tax base:

1. The sales price of land, which shall not exceed the fair market value.

2. Sales and installation of groundwater measuring devices required under section 45-604 and groundwater monitoring wells required by law, including monitoring wells installed for acquiring information for a permit required by law.

3. The sales price of furniture, furnishings, fixtures, appliances and attachments that are not incorporated as component parts of or attached to a manufactured building or the setup site. The sale of such items may be subject to the taxes imposed by article 1 of this chapter separately and distinctly from the sale of the manufactured building.

4. The gross proceeds of sales or gross income received from a contract entered into for the construction, alteration, repair, addition, subtraction, improvement, movement, wrecking or demolition of any building, highway, road, railroad, excavation, manufactured building or other structure, project, development or improvement located in a military reuse zone for providing aviation or aerospace services or for a manufacturer, assembler or fabricator of aviation or aerospace products within an active military reuse zone after the zone is initially established or renewed under section 41-1531. To be eligible to qualify for this deduction, before beginning work under the contract, the prime contractor must have applied for a letter of qualification from the department of revenue.

5. The gross proceeds of sales or gross income derived from a contract to construct a qualified environmental technology manufacturing, producing or processing facility, as described in section 41-1514.02, and from subsequent construction and installation contracts that begin within ten years after the start of initial construction. To qualify for this deduction, before beginning work under the contract, the prime contractor must obtain a letter of qualification from the department of revenue. This paragraph shall apply

for ten full consecutive calendar or fiscal years after the start of initial construction.

6. The gross proceeds of sales or gross income from a contract to provide for one or more of the following actions, or a contract for site preparation, constructing, furnishing or installing machinery, equipment or other tangible personal property, including structures necessary to protect exempt incorporated materials or installed machinery or equipment, and tangible personal property incorporated into the project, to perform one or more of the following actions in response to a release or suspected release of a hazardous substance, pollutant or contaminant from a facility to the environment, unless the release was authorized by a permit issued by a governmental authority:

(a) Actions to monitor, assess and evaluate such a release or a suspected release.

(b) Excavation, removal and transportation of contaminated soil and its treatment or disposal.

(c) Treatment of contaminated soil by vapor extraction, chemical or physical stabilization, soil washing or biological treatment to reduce the concentration, toxicity or mobility of a contaminant.

(d) Pumping and treatment or in situ treatment of contaminated groundwater or surface water to reduce the concentration or toxicity of a contaminant.

(e) The installation of structures, such as cutoff walls or caps, to contain contaminants present in groundwater or soil and prevent them from reaching a location where they could threaten human health or welfare or the environment.

This paragraph does not include asbestos removal or the construction or use of ancillary structures such as maintenance sheds, offices or storage facilities for unattached equipment, pollution control equipment, facilities or other control items required or to be used by a person to prevent or control contamination before it reaches the environment.

7. The gross proceeds of sales or gross income that is derived from a contract ~~entered into~~ for the installation, assembly, repair or maintenance of machinery, equipment or other tangible personal property that is EITHER deducted from the tax base of the retail classification ~~pursuant to~~ UNDER section 42-5061, subsection B~~,~~ or that is exempt from use tax ~~pursuant to~~ UNDER section 42-5159, subsection B~~, and that does not become a permanent attachment to a building, highway, road, railroad, excavation or manufactured building or other structure, project, development or improvement. If the ownership of the realty is separate from the ownership of the machinery, equipment or tangible personal property, the determination as to permanent attachment shall be made as if the ownership were the same. The deduction provided in this paragraph does not include gross proceeds of sales or gross income from that portion of any contracting activity that consists of the development of, or modification to, real property in order to facilitate the installation, assembly, repair, maintenance or removal of machinery, equipment or other tangible personal property that is deducted from the tax base of the retail classification pursuant to section 42-5061, subsection B or that is exempt from use tax pursuant to section 42-5159, subsection B.~~

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~~For the purposes of this paragraph, "permanent attachment" means at least one of the following:~~

~~(a) To be incorporated into real property.~~

~~(b) To become so affixed to real property that it becomes a part of the real property.~~

~~(c) To be so attached to real property that removal would cause substantial damage to the real property from which it is removed.~~

AND THAT HAS INDEPENDENT FUNCTIONAL UTILITY, PURSUANT TO THE FOLLOWING PROVISIONS:

(a) THE DEDUCTION PROVIDED IN THIS PARAGRAPH INCLUDES THE GROSS PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM ALL OF THE FOLLOWING:

(i) ANY ACTIVITY PERFORMED ON MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY WITH INDEPENDENT FUNCTIONAL UTILITY.

(ii) ANY ACTIVITY PERFORMED ON ANY TANGIBLE PERSONAL PROPERTY RELATING TO MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY WITH INDEPENDENT FUNCTIONAL UTILITY IN FURTHERANCE OF ANY OF THE PURPOSES PROVIDED FOR UNDER SUBDIVISION (d) OF THIS PARAGRAPH.

(iii) ANY ACTIVITY THAT IS RELATED TO THE ACTIVITIES DESCRIBED IN SUBDIVISION (a), ITEMS (i) AND (ii) OF THIS PARAGRAPH, INCLUDING, BUT NOT LIMITED TO, INSPECTING THE INSTALLATION OF, OR TESTING, THE MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY.

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(b) THE DEDUCTION PROVIDED IN THIS PARAGRAPH DOES NOT INCLUDE GROSS PROCEEDS OF SALES OR GROSS INCOME FROM THE PORTION OF ANY CONTRACTING ACTIVITY THAT CONSISTS OF THE DEVELOPMENT OF, OR MODIFICATION TO, REAL PROPERTY IN ORDER TO FACILITATE THE INSTALLATION, ASSEMBLY, REPAIR, MAINTENANCE OR REMOVAL OF MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY THAT IS EITHER DEDUCTED FROM THE TAX BASE OF THE RETAIL CLASSIFICATION UNDER SECTION 42-5061, SUBSECTION B OR EXEMPT FROM USE TAX UNDER SECTION 42-5159, SUBSECTION B.

(c) THE DEDUCTION PROVIDED IN THIS PARAGRAPH SHALL BE DETERMINED WITHOUT REGARD TO THE SIZE OR USEFUL LIFE OF THE MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY.

(d) FOR THE PURPOSES OF THIS PARAGRAPH, "INDEPENDENT FUNCTIONAL UTILITY" MEANS THAT THE MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY CAN INDEPENDENTLY PERFORM ITS FUNCTION WITHOUT ATTACHMENT TO REAL PROPERTY, OTHER THAN ATTACHMENT FOR ANY OF THE FOLLOWING PURPOSES:

(i) ASSEMBLING THE MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY.

(ii) CONNECTING ITEMS OF MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY TO EACH OTHER.

(iii) CONNECTING THE MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY, WHETHER AS AN INDIVIDUAL ITEM OR AS A SYSTEM OF ITEMS, TO WATER, POWER, GAS, COMMUNICATION OR OTHER SERVICES.

(iv) STABILIZING OR PROTECTING THE MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY DURING OPERATION BY BOLTING, BURYING OR PERFORMING OTHER SIMILAR NONPERMANENT CONNECTIONS TO EITHER REAL PROPERTY OR REAL PROPERTY IMPROVEMENTS.

8. The gross proceeds of sales or gross income attributable to the purchase of machinery, equipment or other tangible personal property that is exempt from or deductible from transaction privilege and use tax under:

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(a) Section 42-5061, subsection A, paragraph 25, ~~or~~ 29 OR 59.

(b) Section 42-5061, subsection B.

(c) Section 42-5159, subsection A, paragraph 13, subdivision (a), (b), (c), (d), (e), (f), (i), (j) or (l) OR PARAGRAPH 54.

(d) Section 42-5159, subsection B.

9. The gross proceeds of sales or gross income received from a contract for the construction of an environmentally controlled facility for the raising of poultry for the production of eggs and the sorting, cooling and packaging of eggs.

10. The gross proceeds of sales or gross income that is derived from a contract entered into with a person who is engaged in the commercial production of livestock, livestock products or agricultural, horticultural, viticultural or floricultural crops or products in this state for the construction, alteration, repair, improvement, movement, wrecking or demolition or addition to or subtraction from any building, highway, road, excavation, manufactured building or other structure, project, development or improvement used directly and primarily to prevent, monitor, control or reduce air, water or land pollution.

11. The gross proceeds of sales or gross income that is derived from the installation, assembly, repair or maintenance of clean rooms that are deducted from the tax base of the retail classification pursuant to section 42-5061, subsection B, paragraph 16.

12. For taxable periods beginning from and after June 30, 2001, the gross proceeds of sales or gross income derived from a contract entered into for the construction of a residential apartment housing facility that qualifies for a federal housing subsidy for low income persons over sixty-two years of age and that is owned by a nonprofit charitable organization that has qualified under section 501(c)(3) of the internal revenue code.

13. For taxable periods beginning from and after December 31, 1996 and ending before January 1, 2017, the gross proceeds of sales or gross income derived from a contract to provide and install a solar energy device. The contractor shall register with the department as a solar energy contractor. By registering, the contractor acknowledges that it will make its books and records relating to sales of solar energy devices available to the department for examination.

14. The gross proceeds of sales or gross income derived from a contract entered into for the construction of a launch site, as defined in 14 Code of Federal Regulations section 401.5.

15. The gross proceeds of sales or gross income derived from a contract entered into for the construction of a domestic violence shelter that is owned and operated by a nonprofit charitable organization that has qualified under section 501(c)(3) of the internal revenue code.

16. The gross proceeds of sales or gross income derived from contracts to perform postconstruction treatment of real property for termite and general pest control, including wood destroying organisms.

17. The gross proceeds of sales or gross income received from contracts entered into before July 1, 2006 for constructing a state university research infrastructure project if the project has been reviewed by the joint committee on capital review before the university enters into the

construction contract for the project. For the purposes of this paragraph, "research infrastructure" has the same meaning prescribed in section 15-1670.

18. The gross proceeds of sales or gross income received from a contract for the construction of any building, or other structure, project, development or improvement owned by a qualified business under section 41-1516 for harvesting or processing qualifying forest products removed from qualifying projects as defined in section 41-1516 if actual construction begins before January 1, 2024. To qualify for this deduction, the prime contractor must obtain a letter of qualification from the Arizona commerce authority before beginning work under the contract.

19. Any amount of the gross proceeds of sales or gross income attributable to development fees that are incurred in relation to a contract for construction, development or improvement of real property and that are paid by a prime contractor or subcontractor. For the purposes of this paragraph:

(a) The attributable amount shall not exceed the value of the development fees actually imposed.

(b) The attributable amount is equal to the total amount of development fees paid by the prime contractor or subcontractor, and the total development fees credited in exchange for the construction of, contribution to or dedication of real property for providing public infrastructure, public safety or other public services necessary to the development. The real property must be the subject of the development fees.

(c) "Development fees" means fees imposed to offset capital costs of providing public infrastructure, public safety or other public services to a development and authorized pursuant to section 9-463.05, section 11-1102 or title 48 regardless of the jurisdiction to which the fees are paid.

C. Entitlement to the deduction pursuant to subsection B, paragraph 7 of this section is subject to the following provisions:

1. A prime contractor may establish entitlement to the deduction by both:

(a) Marking the invoice for the transaction to indicate that the gross proceeds of sales or gross income derived from the transaction was deducted from the base.

(b) Obtaining a certificate executed by the purchaser indicating the name and address of the purchaser, the precise nature of the business of the purchaser, the purpose for which the purchase was made, the necessary facts to establish the deductibility of the property under section 42-5061, subsection B, and a certification that the person executing the certificate is authorized to do so on behalf of the purchaser. The certificate may be disregarded if the prime contractor has reason to believe that the information contained in the certificate is not accurate or complete.

2. A person who does not comply with paragraph 1 of this subsection may establish entitlement to the deduction by presenting facts necessary to support the entitlement, but the burden of proof is on that person.

3. The department may prescribe a form for the certificate described in paragraph 1, subdivision (b) of this subsection. The department may also adopt rules that describe the transactions with respect to which a person is not entitled to rely solely on the information contained in the certificate provided in paragraph 1, subdivision (b) of this subsection but must instead

obtain such additional information as required in order to be entitled to the deduction.

4. If a prime contractor is entitled to a deduction by complying with paragraph 1 of this subsection, the department may require the purchaser who caused the execution of the certificate to establish the accuracy and completeness of the information required to be contained in the certificate that would entitle the prime contractor to the deduction. If the purchaser cannot establish the accuracy and completeness of the information, the purchaser is liable in an amount equal to any tax, penalty and interest that the prime contractor would have been required to pay under article 1 of this chapter if the prime contractor had not complied with paragraph 1 of this subsection. Payment of the amount under this paragraph exempts the purchaser from liability for any tax imposed under article 4 of this chapter. The amount shall be treated as a transaction privilege tax to the purchaser and as tax revenues collected from the prime contractor in order to designate the distribution base for purposes of section 42-5029.

D. Subcontractors or others who perform services in respect to any improvement, building, highway, road, railroad, excavation, manufactured building or other structure, project, development or improvement are not subject to tax if they can demonstrate that the job was within the control of a prime contractor or contractors or a dealership of manufactured buildings and that the prime contractor or dealership is liable for the tax on the gross income, gross proceeds of sales or gross receipts attributable to the job and from which the subcontractors or others were paid.

E. Amounts received by a contractor for a project are excluded from the contractor's gross proceeds of sales or gross income derived from the business if the person who hired the contractor executes and provides a certificate to the contractor stating that the person providing the certificate is a prime contractor and is liable for the tax under article 1 of this chapter. The department shall prescribe the form of the certificate. If the contractor has reason to believe that the information contained on the certificate is erroneous or incomplete, the department may disregard the certificate. If the person who provides the certificate is not liable for the tax as a prime contractor, that person is nevertheless deemed to be the prime contractor in lieu of the contractor and is subject to the tax under this section on the gross receipts or gross proceeds received by the contractor.

F. Every person engaging or continuing in this state in the business of prime contracting or dealership of manufactured buildings shall present to the purchaser of such prime contracting or manufactured building a written receipt of the gross income or gross proceeds of sales from such activity and shall separately state the taxes to be paid pursuant to this section.

G. For the purposes of section 42-5032.01, the department shall separately account for revenues collected under the prime contracting classification from any prime contractor engaged in the preparation or construction of a multipurpose facility, and related infrastructure, that is owned, operated or leased by the tourism and sports authority pursuant to title 5, chapter 8.

H. For the purposes of section 42-5032.02, from and after September 30, 2013, the department shall separately account for revenues reported and

collected under the prime contracting classification from any prime contractor engaged in the construction of any buildings and associated improvements that are for the benefit of a manufacturing facility. For the purposes of this subsection, "associated improvements" and "manufacturing facility" have the same meanings prescribed in section 42-5032.02.

I. The gross proceeds of sales or gross income derived from a contract for lawn maintenance services are not subject to tax under this section if the contract does not include landscaping activities. Lawn maintenance service is a service pursuant to section 42-5061, subsection A, paragraph 1, and includes lawn mowing and edging, weeding, repairing sprinkler heads or drip irrigation heads, seasonal replacement of flowers, refreshing gravel, lawn de-thatching, seeding winter lawns, leaf and debris collection and removal, tree or shrub pruning or clipping, garden and gravel raking and applying pesticides, as defined in section 3-361, and fertilizer materials, as defined in section 3-262.

J. The gross proceeds of sales or gross income derived from landscaping activities are subject to tax under this section. Landscaping includes installing lawns, grading or leveling ground, installing gravel or boulders, planting trees and other plants, felling trees, removing or mulching tree stumps, removing other imbedded plants, building or modifying irrigation berms, repairing sprinkler or watering systems, installing railroad ties and installing underground sprinkler or watering systems.

K. The portion of gross proceeds of sales or gross income attributable to the actual direct costs of providing architectural or engineering services that are incorporated in a contract is not subject to tax under this section. For the purposes of this subsection, "direct costs" means the portion of the actual costs that are directly expended in providing architectural or engineering services.

L. Operating a landfill or a solid waste disposal facility is not subject to taxation under this section, including filling, compacting and creating vehicle access to and from cell sites within the landfill. Constructing roads to a landfill or solid waste disposal facility and constructing cells within a landfill or solid waste disposal facility may be deemed prime contracting under this section.

M. The following apply to manufactured buildings:

1. For sales in this state where the dealership of manufactured buildings contracts to deliver the building to a setup site or to perform the setup in this state, the taxable situs is the setup site.

2. For sales in this state where the dealership of manufactured buildings does not contract to deliver the building to a setup site or does not perform the setup, the taxable situs is the location of the dealership where the building is delivered to the buyer.

3. For sales in this state where the dealership of manufactured buildings contracts to deliver the building to a setup site that is outside this state, the situs is outside this state and the transaction is excluded from tax.

N. The gross proceeds of sales or gross income attributable to a separate, written design phase services contract or professional services contract, executed before modification begins, is not subject to tax under this section, regardless of whether the services are provided sequential to

or concurrent with prime contracting activities that are subject to tax under this section. This subsection does not include the gross proceeds of sales or gross income attributable to construction phase services. For the purposes of this subsection:

1. "Construction phase services" means services for the execution and completion of any modification, including the following:

(a) Administration or supervision of any modification performed on the project, including team management and coordination, scheduling, cost controls, submittal process management, field management, safety program, close-out process and warranty period services.

(b) Administration or supervision of any modification performed pursuant to a punch list. For the purposes of this subdivision, "punch list" means minor items of modification work performed after substantial completion and before final completion of the project.

(c) Administration or supervision of any modification performed pursuant to change orders. For the purposes of this subdivision, "change order" means a written instrument issued after execution of a contract for modification work, providing for all of the following:

(i) The scope of a change in the modification work, contract for modification work or other contract documents.

(ii) The amount of an adjustment, if any, to the guaranteed maximum price as set in the contract for modification work. For the purposes of this item, "guaranteed maximum price" means the amount guaranteed to be the maximum amount due to a prime contractor for the performance of all modification work for the project.

(iii) The extent of an adjustment, if any, to the contract time of performance set forth in the contract.

(d) Administration or supervision of any modification performed pursuant to change directives. For the purposes of this subdivision, "change directive" means a written order directing a change in modification work before agreement on an adjustment of the guaranteed maximum price or contract time.

(e) Inspection to determine the dates of substantial completion or final completion.

(f) Preparation of any manuals, warranties, as-built drawings, spares or other items the prime contractor must furnish pursuant to the contract for modification work. For the purposes of this subdivision, "as-built drawing" means a drawing that indicates field changes made to adapt to field conditions, field changes resulting from change orders or buried and concealed installation of piping, conduit and utility services.

(g) Preparation of status reports after modification work has begun detailing the progress of work performed, including preparation of any of the following:

(i) Master schedule updates.

(ii) Modification work cash flow projection updates.

(iii) Site reports made on a periodic basis.

(iv) Identification of discrepancies, conflicts or ambiguities in modification work documents that require resolution.

(v) Identification of any health and safety issues that have arisen in connection with the modification work.

(h) Preparation of daily logs of modification work, including documentation of personnel, weather conditions and on-site occurrences.

(i) Preparation of any submittals or shop drawings used by the prime contractor to illustrate details of the modification work performed.

(j) Administration or supervision of any other activities for which a prime contractor receives a certificate for payment or certificate for final payment based on the progress of modification work performed on the project.

2. "Design phase services" means services for developing and completing a design for a project that are not construction phase services, including the following:

(a) Evaluating surveys, reports, test results or any other information on-site conditions for the project, including physical characteristics, legal limitations and utility locations for the site.

(b) Evaluating any criteria or programming objectives for the project to ascertain requirements for the project, such as physical requirements affecting cost or projected utilization of the project.

(c) Preparing drawings and specifications for architectural program documents, schematic design documents, design development documents, modification work documents or documents that identify the scope of or materials for the project.

(d) Preparing an initial schedule for the project, excluding the preparation of updates to the master schedule after modification work has begun.

(e) Preparing preliminary estimates of costs of modification work before completion of the final design of the project, including an estimate or schedule of values for any of the following:

(i) Labor, materials, machinery and equipment, tools, water, heat, utilities, transportation and other facilities and services used in the execution and completion of modification work, regardless of whether they are temporary or permanent or whether they are incorporated in the modifications.

(ii) The cost of labor and materials to be furnished by the owner of the real property.

(iii) The cost of any equipment of the owner of the real property to be assigned by the owner to the prime contractor.

(iv) The cost of any labor for installation of equipment separately provided by the owner of the real property that has been designed, specified, selected or specifically provided for in any design document for the project.

(v) Any fee paid by the owner of the real property to the prime contractor pursuant to the contract for modification work.

(vi) Any bond and insurance premiums.

(vii) Any applicable taxes.

(viii) Any contingency fees for the prime contractor that may be used before final completion of the project.

(f) Reviewing and evaluating cost estimates and project documents to prepare recommendations on site use, site improvements, selection of materials, building systems and equipment, modification feasibility, availability of materials and labor, local modification activity as related to schedules and time requirements for modification work.

(g) Preparing the plan and procedures for selection of subcontractors, including any prequalification of subcontractor candidates.

3. "Professional services" means architect services, assayer services, engineer services, geologist services, land surveying services or landscape architect services that are within the scope of those services as provided in title 32, chapter 1 and for which gross proceeds of sales or gross income has not otherwise been deducted under subsection K of this section.

O. Notwithstanding subsection P, paragraph 8 of this section, a person owning real property who enters into a contract for sale of the real property, who is responsible to the new owner of the property for modifications made to the property in the period subsequent to the transfer of title and who receives a consideration for the modifications is considered a prime contractor solely for purposes of taxing the gross proceeds of sale or gross income received for the modifications made subsequent to the transfer of title. The original owner's gross proceeds of sale or gross income received for the modifications shall be determined according to the following methodology:

1. If any part of the contract for sale of the property specifies amounts to be paid to the original owner for the modifications to be made in the period subsequent to the transfer of title, the amounts are included in the original owner's gross proceeds of sale or gross income under this section. Proceeds from the sale of the property that are received after transfer of title and that are unrelated to the modifications made subsequent to the transfer of title are not considered gross proceeds of sale or gross income from the modifications.

2. If the original owner enters into an agreement separate from the contract for sale of the real property providing for amounts to be paid to the original owner for the modifications to be made in the period subsequent to the transfer of title to the property, the amounts are included in the original owner's gross proceeds of sale or gross income received for the modifications made subsequent to the transfer of title.

3. If the original owner is responsible to the new owner for modifications made to the property in the period subsequent to the transfer of title and derives any gross proceeds of sale or gross income from the project subsequent to the transfer of title other than a delayed disbursement from escrow unrelated to the modifications, it is presumed that the amounts are received for the modifications made subsequent to the transfer of title unless the contrary is established by the owner through its books, records and papers kept in the regular course of business.

4. The tax base of the original owner is computed in the same manner as a prime contractor under this section.

P. For the purposes of this section:

1. "Contracting" means engaging in business as a contractor.

2. "Contractor" is synonymous with the term "builder" and means any person or organization that undertakes to or offers to undertake to, or purports to have the capacity to undertake to, or submits a bid to, or does personally or by or through others, modify any building, highway, road, railroad, excavation, manufactured building or other structure, project, development or improvement, or to do any part of such a project, including the erection of scaffolding or other structure or works in connection with

such a project, and includes subcontractors and specialty contractors. For all purposes of taxation or deduction, this definition shall govern without regard to whether or not such contractor is acting in fulfillment of a contract.

3. "Dealership of manufactured buildings" means a dealer who either:

(a) Is licensed pursuant to title 41, chapter 16 and who sells manufactured buildings to the final consumer.

(b) Supervises, performs or coordinates the excavation and completion of site improvements, setup or moving of a manufactured building including the contracting, if any, with any subcontractor or specialty contractor for the completion of the contract.

4. "Manufactured building" means a manufactured home, mobile home or factory-built building, as defined in section 41-2142.

5. "Modification" means construction, alteration, repair, addition, subtraction, improvement, movement, wreckage or demolition.

6. "Modify" means to construct, alter, repair, add to, subtract from, improve, move, wreck or demolish.

7. "Prime contracting" means engaging in business as a prime contractor.

8. "Prime contractor" means a contractor who supervises, performs or coordinates the modification of any building, highway, road, railroad, excavation, manufactured building or other structure, project, development or improvement including the contracting, if any, with any subcontractors or specialty contractors and who is responsible for the completion of the contract. Except as provided in subsections E and O of this section, a person who owns real property, who engages one or more contractors to modify that real property and who does not itself modify that real property is not a prime contractor within the meaning of this paragraph regardless of the existence of a contract for sale or the subsequent sale of that real property.

9. "Sale of a used manufactured building" does not include a lease of a used manufactured building.

EXPLANATION OF BLEND
SECTION 42-6004

Laws 2013, First Special Session, Chapter 9
Laws 2013, First Regular Session, Chapters 27, 120, 153 and 236

Laws 2013, First Special Session, Ch. 9, section 8	Effective September 12, 2013
Laws 2013, First Regular Session, Ch. 27, section 2	Effective September 13, 2013
Laws 2013, First Regular Session, Ch. 120, section 2	Effective September 13, 2013 (Retroactive to October 1, 2007)
Laws 2013, First Regular Session, Ch. 153, section 2	Effective September 13, 2013 (Retroactive to July 1, 1997)
Laws 2013, First Regular Session, Ch. 236, section 6	Effective September 13, 2013

Explanation

Since these five enactments are not incompatible, the Laws 2013, First Special Session, Ch. 9 and Laws 2013, First Regular Session, Ch. 27, Ch. 120, Ch. 153 and Ch. 236 text changes to section 42-6004 are blended in the form shown on the following pages.

Section 42-6004 was amended an additional time by Laws 2013, First Regular Session, Ch. 255 with a delayed effective date that will require separate publication in addition to this blend.

BLEND OF SECTION 42-6004

Laws 2013, First Special Session, Chapter 9 and Laws 2013, First Regular Session, Chapters 27, 120, 153 and 236

42-6004. Exemption from municipal tax

A. A city, town or special taxing district shall not levy a transaction privilege, sales, use or other similar tax on:

1. Exhibition events in this state sponsored, conducted or operated by a nonprofit organization that is exempt from taxation under section 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the organization is associated with a major league baseball team or a national touring professional golfing association and no part of the organization's net earnings inures to the benefit of any private shareholder or individual.

2. Interstate telecommunications services, which include that portion of telecommunications services, such as subscriber line service, allocable by federal law to interstate telecommunications service.

3. Sales of warranty or service contracts.

4. Sales of motor vehicles to nonresidents of this state for use outside this state if the vendor ships or delivers the motor vehicle to a destination outside this state.

5. Interest on finance contracts.

6. Dealer documentation fees on the sales of motor vehicles.

7. Sales of food or other items purchased with United States department of agriculture food stamp coupons issued under the food stamp act of 1977 (P.L. 95-113; 91 Stat. 958) or food instruments issued under section 17 of the child nutrition act (P.L. 95-627; 92 Stat. 3603; P.L. 99-661, section 4302; 42 United States Code section 1786) but may impose such a tax on other sales of food. If a city, town or special taxing district exempts sales of food from its tax or imposes a different transaction privilege rate on the gross proceeds of sales or gross income from sales of food and nonfood items, it shall use the definition of food prescribed by rule adopted by the department pursuant to section 42-5106.

Ch. 120 — 8. ORTHODONTIC DEVICES DISPENSED BY A DENTAL PROFESSIONAL WHO IS LICENSED UNDER TITLE 32, CHAPTER 11 TO A PATIENT AS PART OF THE PRACTICE OF DENTISTRY.

~~8.~~ 9. Sales of internet access services to the person's subscribers and customers. For the purposes of this paragraph:

(a) "Internet" means the computer and telecommunications facilities that comprise the interconnected worldwide network of networks that employ the transmission control protocol or internet protocol, or any predecessor or successor protocol, to communicate information of all kinds by wire or radio.

(b) "Internet access" means a service that enables users to access content, information, electronic mail or other services over the internet. Internet access does not include telecommunication services provided by a common carrier.

~~9.~~ 10. The gross proceeds of sales or gross income retained by the Arizona exposition and state fair board from ride ticket sales at the annual Arizona state fair.

~~10.~~ 11. Through August 31, 2014, sales of Arizona centennial medallions by the historical advisory commission.

Ch. 27 — ~~11. The gross proceeds of sales or gross income derived from a commercial lease in which a reciprocal insurer or a corporation leases real property to an affiliated corporation. For the purposes of this paragraph:~~

~~(a) "Affiliated corporation" means a corporation that meets one of the following conditions:~~

~~(i) The corporation owns or controls at least eighty per cent of the lessor.~~

~~(ii) The corporation is at least eighty per cent owned or controlled by the lessor.~~

~~(iii) The corporation is at least eighty per cent owned or controlled by a corporation that also owns or controls at least eighty per cent of the lessor.~~

~~(iv) The corporation is at least eighty per cent owned or controlled by a corporation that is at least eighty per cent owned or controlled by a reciprocal insurer.~~

Ch. 27 ~~(b) For the purposes of subdivision (a) of this paragraph, ownership and control are determined by reference to the voting shares of a corporation.~~

~~(c) "Reciprocal insurer" has the same meaning prescribed in section 20-762.~~

~~12. The gross proceeds of sales or gross income derived from a commercial lease in which a corporation leases real property to a corporation of which at least eighty per cent of the voting shares of each corporation are owned by the same shareholders.~~

12. LEASING REAL PROPERTY BETWEEN AFFILIATED COMPANIES, BUSINESSES, PERSONS OR RECIPROCAL INSURERS. FOR THE PURPOSES OF THIS PARAGRAPH:

(a) "AFFILIATED COMPANIES, BUSINESSES, PERSONS OR RECIPROCAL INSURERS" MEANS THE LESSOR HOLDS A CONTROLLING INTEREST IN THE LESSEE, THE LESSEE HOLDS A CONTROLLING INTEREST IN THE LESSOR, AN AFFILIATED ENTITY HOLDS A CONTROLLING INTEREST IN BOTH THE LESSOR AND THE LESSEE OR AN UNRELATED PERSON HOLDS A CONTROLLING INTEREST IN BOTH THE LESSOR AND LESSEE.

(b) "CONTROLLING INTEREST" MEANS DIRECT OR INDIRECT OWNERSHIP OF AT LEAST EIGHTY PER CENT OF THE VOTING SHARES OF A CORPORATION OR OF THE INTERESTS IN A COMPANY, BUSINESS OR PERSON OTHER THAN A CORPORATION.

(c) "RECIPROCAL INSURER" HAS THE SAME MEANING PRESCRIBED IN SECTION 20-762.

13. THE GROSS PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM A CONTRACT FOR THE INSTALLATION, ASSEMBLY, REPAIR OR MAINTENANCE OF MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY DESCRIBED IN SECTION 42-5061, SUBSECTION B AND THAT HAS INDEPENDENT FUNCTIONAL UTILITY, PURSUANT TO THE FOLLOWING PROVISIONS:

Ch. 153 (a) THE DEDUCTION PROVIDED IN THIS PARAGRAPH INCLUDES THE GROSS PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM ALL OF THE FOLLOWING:

(i) ANY ACTIVITY PERFORMED ON MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY WITH INDEPENDENT FUNCTIONAL UTILITY.

(ii) ANY ACTIVITY PERFORMED ON ANY TANGIBLE PERSONAL PROPERTY RELATING TO MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY WITH INDEPENDENT FUNCTIONAL UTILITY IN FURTHERANCE OF ANY OF THE PURPOSES PROVIDED FOR UNDER SUBDIVISION (d) OF THIS PARAGRAPH.

(iii) ANY ACTIVITY THAT IS RELATED TO THE ACTIVITIES DESCRIBED IN SUBDIVISION (a), ITEMS (i) AND (ii) OF THIS PARAGRAPH, INCLUDING, BUT NOT LIMITED TO, INSPECTING THE INSTALLATION OF, OR TESTING, THE MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY.

(b) THE DEDUCTION PROVIDED IN THIS PARAGRAPH DOES NOT INCLUDE GROSS PROCEEDS OF SALES OR GROSS INCOME FROM THE PORTION OF ANY CONTRACTING ACTIVITY THAT CONSISTS OF THE DEVELOPMENT OF, OR MODIFICATION TO, REAL PROPERTY IN ORDER TO FACILITATE THE INSTALLATION, ASSEMBLY, REPAIR, MAINTENANCE OR REMOVAL OF MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY DESCRIBED IN SECTION 42-5061, SUBSECTION B.

(c) THE DEDUCTION PROVIDED IN THIS PARAGRAPH SHALL BE DETERMINED WITHOUT REGARD TO THE SIZE OR USEFUL LIFE OF THE MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY.

(d) FOR THE PURPOSES OF THIS PARAGRAPH, "INDEPENDENT FUNCTIONAL UTILITY" MEANS THAT THE MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY CAN INDEPENDENTLY PERFORM ITS FUNCTION WITHOUT ATTACHMENT TO REAL PROPERTY, OTHER THAN ATTACHMENT FOR ANY OF THE FOLLOWING PURPOSES:

Ch. 153

(i) ASSEMBLING THE MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY.

(ii) CONNECTING ITEMS OF MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY TO EACH OTHER.

(iii) CONNECTING THE MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY, WHETHER AS AN INDIVIDUAL ITEM OR AS A SYSTEM OF ITEMS, TO WATER, POWER, GAS, COMMUNICATION OR OTHER SERVICES.

(iv) STABILIZING OR PROTECTING THE MACHINERY, EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY DURING OPERATION BY BOLTING, BURYING OR PERFORMING OTHER DISSIMILAR NONPERMANENT CONNECTIONS TO EITHER REAL PROPERTY OR REAL PROPERTY IMPROVEMENTS.

Ch. 236

14. THE LEASING OR RENTING OF CERTIFIED IGNITION INTERLOCK DEVICES INSTALLED PURSUANT TO THE REQUIREMENTS PRESCRIBED BY SECTION 28-1461. FOR THE PURPOSES OF THIS PARAGRAPH, "CERTIFIED IGNITION INTERLOCK DEVICE" HAS THE SAME MEANING PRESCRIBED IN SECTION 28-1301.

Ch. 9

15. COMPUTER DATA CENTER EQUIPMENT PURCHASED BY THE OWNER, OPERATOR OR QUALIFIED COLOCATION TENANT OF THE COMPUTER DATA CENTER OR AN AUTHORIZED AGENT OF THE OWNER, OPERATOR OR QUALIFIED COLOCATION TENANT DURING THE QUALIFICATION PERIOD FOR USE IN A COMPUTER DATA CENTER THAT IS CERTIFIED BY THE ARIZONA COMMERCE AUTHORITY UNDER SECTION 41-1519. TO QUALIFY FOR THIS DEDUCTION, AT THE TIME OF PURCHASE, THE OWNER, OPERATOR OR QUALIFIED COLOCATION TENANT MUST PRESENT TO THE RETAILER ITS CERTIFICATE THAT IS ISSUED PURSUANT TO SECTION 41-1519 AND THAT ESTABLISHES ITS QUALIFICATION FOR THE DEDUCTION. FOR THE PURPOSES OF THIS PARAGRAPH, "COMPUTER DATA CENTER", "COMPUTER DATA CENTER EQUIPMENT", "QUALIFICATION PERIOD" AND "QUALIFIED COLOCATION TENANT" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 41-1519.

B. A city, town or other taxing jurisdiction shall not levy a transaction privilege, sales, use, franchise or other similar tax or fee, however denominated, on natural gas or liquefied petroleum gas used to propel a motor vehicle.

C. A city, town or other taxing jurisdiction shall not levy a transaction privilege, sales, gross receipts, use, franchise or other similar tax or fee, however denominated, on gross proceeds of sales or gross income derived from any of the following:

1. A motor carrier's use on the public highways in this state if the motor carrier is subject to a fee prescribed in title 28, chapter 16, article 4.

2. Leasing, renting or licensing a motor vehicle subject to and upon which the fee has been paid under title 28, chapter 16, article 4.

3. The sale of a motor vehicle and any repair and replacement parts and tangible personal property becoming a part of such motor vehicle to a motor carrier who is subject to a fee prescribed in title 28, chapter 16, article 4 and who is engaged in the business of leasing, renting or licensing such property.

4. Incarcerating or detaining in a privately operated prison, jail or detention facility prisoners who are under the jurisdiction of the United States, this state or any other state or a political subdivision of this state or of any other state.

5. Transporting for hire persons, freight or property by light motor vehicles subject to a fee under title 28, chapter 15, article 4.

6. Any amount attributable to development fees that are incurred in relation to the construction, development or improvement of real property and paid by the taxpayer as defined in the model city tax code or by a contractor providing services to the taxpayer. For the purposes of this paragraph:

(a) The attributable amount shall not exceed the value of the development fees actually imposed.

(b) The attributable amount is equal to the total amount of development fees paid by the taxpayer or by a contractor providing services to the taxpayer and the total development fees credited in exchange for the construction of, contribution to or dedication of real property for providing public infrastructure, public safety or other public services necessary to the development. The real property must be the subject of the development fees.

(c) "Development fees" means fees imposed to offset capital costs of providing public infrastructure, public safety or other public services to a development and authorized pursuant to section 9-463.05, section 11-1102 or title 48 regardless of the jurisdiction to which the fees are paid.

D. A city, town or other taxing jurisdiction shall not levy a transaction privilege, sales, use, franchise or other similar tax or fee, however denominated, in excess of one-tenth of one per cent of the value of the entire product mined, smelted, extracted, refined, produced or prepared for sale, profit or commercial use, on persons engaged in the business of mineral processing, except to the extent that the tax is computed on the gross proceeds or gross income from sales at retail.

E. In computing the tax base, any city, town or other taxing jurisdiction shall not include in the gross proceeds of sales or gross income:

1. A manufacturer's cash rebate on the sales price of a motor vehicle if the buyer assigns the buyer's right in the rebate to the retailer.

2. The waste tire disposal fee imposed pursuant to section 44-1302.

F. A city or town shall not levy a use tax on the storage, use or consumption of tangible personal property in the city or town by a school district or charter school.

EXPLANATION OF BLEND
SECTION 43-1021

Laws 2013, Chapters 114 and 256

Laws 2013, Ch. 114, section 8	Effective September 13, 2013
Laws 2013, Ch. 256, section 1	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 114 and Ch. 256 text changes to section 43-1021 are blended in the form shown on the following pages.

BLEND OF SECTION 43-1021
Laws 2013, Chapters 114 and 256

43-1021. Additions to Arizona gross income

In computing Arizona adjusted gross income, the following amounts shall be added to Arizona gross income:

1. A beneficiary's share of the fiduciary adjustment to the extent that the amount determined by section 43-1333 increases the beneficiary's Arizona gross income.

Ch. 256 2. An amount equal to the "ordinary income portion" of a lump sum distribution that was excluded from federal adjusted gross income pursuant to section 402(d) of the internal revenue code.

3. The amount of interest income received on obligations of any state, territory or possession of the United States, or any political subdivision thereof, located outside the state of Arizona, reduced, for tax years beginning from and after December 31, 1996, by the amount of any interest on indebtedness and other related expenses that were incurred or continued to purchase or carry those obligations and that are not otherwise deducted or subtracted in arriving at Arizona gross income.

4. Annuity income received during the taxable year to the extent that the sum of the proceeds received from such annuity in all taxable years prior to and including the current taxable year exceeds the total consideration and premiums paid by the taxpayer. This paragraph applies only to those annuities with respect to which the first payment was received prior to December 31, 1978.

5. The excess of a partner's share of partnership taxable income required to be included under chapter 14, article 2 of this title over the income required to be reported under section 702(a)(8) of the internal revenue code.

6. The excess of a partner's share of partnership losses determined pursuant to section 702(a)(8) of the internal revenue code over the losses allowable under chapter 14, article 2 of this title.

7. The amount by which the adjusted basis of property described in this paragraph and computed pursuant to the internal revenue code exceeds the adjusted basis of such property computed pursuant to this title and the income tax act of 1954, as amended. This paragraph shall apply to all property ~~which~~ THAT is held for the production of income and ~~which~~ THAT is sold or otherwise disposed of during the taxable year, except depreciable property used in a trade or business.

Ch. 256 8. The amount of depreciation or amortization of costs of any capital investment that is deducted pursuant to section 167 or 179 of the internal revenue code by a qualified defense contractor with respect to which an election is made to amortize pursuant to section 43-1024.

9. The amount of gain from the sale or other disposition of a capital investment ~~which~~ THAT a qualified defense contractor has elected to amortize pursuant to section 43-1024.

10. Amounts withdrawn from the Arizona state retirement system, the corrections officer retirement plan, the public safety personnel retirement system, the elected officials' retirement plan or a county or city retirement plan by an employee ~~upon~~ ON termination of employment before retirement to the extent they were deducted in arriving at Arizona taxable income in any year.

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11. That portion of the net operating loss included in federal adjusted gross income ~~which~~ THAT has already been taken as a net operating loss for Arizona purposes or ~~which~~ THAT is separately taken as a subtraction under the special net operating loss transition rule.

12. Any nonitemized amount deducted pursuant to section 170 of the internal revenue code representing contributions to an educational institution ~~which~~ THAT denies admission, enrollment or board and room accommodations on the basis of race, color or ethnic background except those institutions primarily established for the education of American Indians.

13. Amounts withdrawn from a medical savings account by the individual during the taxable year computed pursuant to section 220(f) of the internal revenue code and not included in federal adjusted gross income.

14. Any amount of agricultural water conservation expenses that were deducted pursuant to the internal revenue code for which a credit is claimed under section 43-1084.

15. The amount by which the depreciation or amortization computed under the internal revenue code with respect to property for which a credit was taken under section 43-1080 exceeds the amount of depreciation or amortization computed pursuant to the internal revenue code on the Arizona adjusted basis of the property.

16. The amount by which the adjusted basis computed under the internal revenue code with respect to property for which a credit was claimed under section 43-1080 and ~~which~~ THAT is sold or otherwise disposed of during the taxable year exceeds the adjusted basis of the property computed under section 43-1080.

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17. The amount by which the depreciation or amortization computed under the internal revenue code with respect to property for which a credit was taken under either section 43-1081 or 43-1081.01 exceeds the amount of depreciation or amortization computed pursuant to the internal revenue code on the Arizona adjusted basis of the property.

18. The amount by which the adjusted basis computed under the internal revenue code with respect to property for which a credit was claimed under section 43-1074.02, 43-1081 or 43-1081.01 and ~~which~~ THAT is sold or otherwise disposed of during the taxable year exceeds the adjusted basis of the property computed under section 43-1074.02, 43-1081 or 43-1081.01, as applicable.

19. The deduction referred to in section 1341(a)(4) of the internal revenue code for restoration of a substantial amount held under a claim of right.

20. The amount by which a net operating loss carryover or capital loss carryover allowable pursuant to section 1341(b)(5) of the internal revenue code exceeds the net operating loss carryover or capital loss carryover allowable pursuant to section 43-1029, subsection F.

21. Any amount deducted pursuant to section 170 of the internal revenue code representing contributions to a school tuition organization or a public school for which a credit is claimed under section 43-1089, 43-1089.01 or 43-1089.03.

22. Any amount deducted in computing Arizona gross income as expenses for installing solar stub outs or electric vehicle recharge outlets in this state with respect to which a credit is claimed pursuant to section 43-1090.

23. Any wage expenses deducted pursuant to the internal revenue code for which a credit is claimed under section 43-1087 and representing net increases in qualified employment positions for employment of temporary assistance for needy families recipients.

24. Any amount deducted for conveying ownership or development rights of property to an agricultural preservation district under section 48-5702 for which a credit is claimed under section 43-1081.02.

25. The amount of any depreciation allowance allowed pursuant to section 167(a) of the internal revenue code to the extent not previously added.

26. With respect to property for which an expense deduction was taken pursuant to section 179 of the internal revenue code IN A TAXABLE YEAR BEGINNING BEFORE JANUARY 1, 2013, the amount in excess of twenty-five thousand dollars.

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~~27. The amount of any deductions that are claimed in computing federal adjusted gross income representing expenses for which a credit is claimed under either section 43-1075 or 43-1075.01 or both.~~

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~~28.~~ 27. The amount by which the depreciation or amortization computed under the internal revenue code with respect to property for which a credit was taken under section 43-1090.01 exceeds the amount of depreciation or amortization computed pursuant to the internal revenue code on the Arizona adjusted basis of the property.

~~29.~~ 28. The amount by which the adjusted basis computed under the internal revenue code with respect to property for which a credit was claimed under section 43-1090.01 and ~~which~~ THAT is sold or otherwise disposed of during the taxable year exceeds the adjusted basis of the property computed under section 43-1090.01.

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~~30.~~ 29. The amount of a nonqualified withdrawal, as defined in section 15-1871, from a college savings plan established pursuant to section 529 of the internal revenue code that is made to a distributee to the extent the amount is not included in computing federal adjusted gross income, except that the amount added under this paragraph shall not exceed the difference between the amount subtracted under section 43-1022 in prior taxable years and the amount added under this section in any prior taxable years.

~~31.~~ 30. The amount of unemployment compensation that is excluded from federal adjusted gross income pursuant to section 85(c) of the internal revenue code as added by section 1007 of the American recovery and reinvestment act of 2009 (P.L. 111-5).

~~32.~~ 31. The amount of discharge of indebtedness income that is deferred and excluded from the computation of federal adjusted gross income or federal taxable income in the current taxable year pursuant to section 108(i) of the internal revenue code as added by section 1231 of the American recovery and reinvestment act of 2009 (P.L. 111-5).

~~33.~~ 32. The amount of any previously deferred original issue discount that was deducted in computing federal adjusted gross income or federal taxable income in the current year pursuant to section 108(i) of the internal revenue code as added by section 1231 of the American recovery and reinvestment act of 2009 (P.L. 111-5), to the extent that the amount was previously subtracted from Arizona gross income pursuant to section 43-1022, paragraph 31.

~~34.~~ 33. For taxable years beginning from and after December 31, 2011 through December 31, 2014, the amount of any deduction that is claimed in computing federal adjusted gross income for health insurance premiums or contributions to a health savings account for which a credit is claimed under section 43-1087.01 OR 43-1185.

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EXPLANATION OF BLEND
SECTION 43-1022

Laws 2013, Chapters 114, 236 and 256

Laws 2013, Ch. 114, section 9	Effective September 13, 2013
Laws 2013, Ch. 236, section 8	Effective September 13, 2013 (Retroactive to January 1, 2013)
Laws 2013, Ch. 256, section 2	Effective September 13, 2013

Explanation

Since these three enactments are not incompatible, the Laws 2013, Ch. 114, Ch. 236 and Ch. 256 text changes to section 43-1022 are blended in the form shown on the following pages.

BLEND OF SECTION 43-1022
Laws 2013, Chapters 114, 236 and 256

43-1022. Subtractions from Arizona gross income

In computing Arizona adjusted gross income, the following amounts shall be subtracted from Arizona gross income:

1. The amount of exemptions allowed by section 43-1023.

2. Benefits, annuities and pensions in an amount totaling not more than two thousand five hundred dollars received from one or more of the following:

(a) The United States government service retirement and disability fund, retired or retainer pay of the uniformed services of the United States, the United States foreign service retirement and disability system and any other retirement system or plan established by federal law.

(b) The Arizona state retirement system, the corrections officer retirement plan, the public safety personnel retirement system, the elected officials' retirement plan, an optional retirement program established by the Arizona board of regents under section 15-1628, an optional retirement program established by a community college district board under section 15-1451 or a retirement plan established for employees of a county, city or town in this state.

3. A beneficiary's share of the fiduciary adjustment to the extent that the amount determined by section 43-1333 decreases the beneficiary's Arizona gross income.

4. The amount of any distributions from an individual retirement account as provided for in section 408 of the internal revenue code or from a qualified retirement plan of a self-employed individual as provided for in section 401 of the internal revenue code to the extent that total adjustments made pursuant to this paragraph in all tax years do not exceed the total of all contributions made by the taxpayer to such plans before December 31, 1975, which were included in computing Arizona taxable income.

5. The amount of income on an installment receivable that is recognized pursuant to the internal revenue code and that has already been recognized on the death of the taxpayer for purposes of this title for tax years ending before January 1, 1990.

6. Interest income received on obligations of the United States, less any interest on indebtedness, or other related expenses, and deducted in arriving at Arizona gross income, which were incurred or continued to purchase or carry such obligations.

7. The amount of any income tax refunds that were received from states other than Arizona and that were included as income in computing federal adjusted gross income.

8. Annuity income included in federal adjusted gross income pursuant to section 72 of the internal revenue code if the first payment with respect to such annuity was received before December 31, 1978.

9. The excess of a partner's share of income required to be included under section 702(a)(8) of the internal revenue code over the income required to be included under chapter 14, article 2 of this title.

10. The excess of a partner's share of partnership losses determined pursuant to chapter 14, article 2 of this title over the losses allowable under section 702(a)(8) of the internal revenue code.

11. The amount by which the adjusted basis of property described in this paragraph and computed pursuant to this title and the income tax act of 1954, as amended, exceeds the adjusted basis of such property computed pursuant to the internal revenue code. This paragraph shall apply to all property that is held for the production of income and that is sold or otherwise disposed of during the taxable year other than depreciable property used in a trade or business.

12. The amount allowed by section 43-1024 for amortization, by a qualified defense contractor certified by the Arizona commerce authority under section 41-1508, of a capital investment for private commercial activities.

13. The amount of gain included in federal adjusted gross income on the sale or other disposition of a capital investment that a qualified defense contractor has elected to amortize pursuant to section 43-1024.

14. The amount allowed by section 43-1025 for contributions during the taxable year of agricultural crops to charitable organizations.

15. The portion of any wages or salaries paid or incurred by the taxpayer for the taxable year that is equal to the amount of the federal work opportunity credit, the empowerment zone employment credit, the credit for employer paid social security taxes on employee cash tips and the Indian employment credit that the taxpayer received under sections 45A, 45B, 51(a) and 1396 of the internal revenue code.

16. The amount of prizes or winnings less than five thousand dollars in a single taxable year from any of the state lotteries established and operated pursuant to title 5, chapter 5.1, article 1, except that all such winnings before March 22, 1983, including periodic distributions from such winnings made after March 22, 1983, may be subtracted.

17. The amount of exploration expenses that is determined pursuant to section 617 of the internal revenue code, that has been deferred in a taxable year ending before January 1, 1990 and for which a subtraction has not previously been made. The subtraction shall be made on a ratable basis as the units of produced ores or minerals discovered or explored as a result of this exploration are sold.

18. The amount included in federal adjusted gross income pursuant to section 86 of the internal revenue code, relating to taxation of social security and railroad retirement benefits.

19. To the extent not already excluded from Arizona gross income under the internal revenue code, compensation received for active service as a member of the reserves, the national guard or the armed forces of the United States, including compensation for service in a combat zone as determined under section 112 of the internal revenue code.

20. The amount of unreimbursed medical and hospital costs, adoption counseling, legal and agency fees and other nonrecurring costs of adoption not to exceed three thousand dollars. In the case of a husband and wife who

file separate returns, the subtraction may be taken by either taxpayer or may be divided between them, but the total subtractions allowed both husband and wife shall not exceed three thousand dollars. The subtraction under this paragraph may be taken for the costs that are described in this paragraph and that are incurred in prior years, but the subtraction may be taken only in the year during which the final adoption order is granted.

21. The amount authorized by section 43-1027 for the taxable year relating to qualified wood stoves, wood fireplaces or gas fired fireplaces.

22. With respect to a medical savings account established pursuant to section 43-1028:

(a) An eligible individual may subtract:

(i) The amount of contributions made by the individual's employer during the taxable year to the individual's medical savings account pursuant to section 43-1028 to the extent that the employer contributions are included in the individual's federal adjusted gross income.

(ii) The amount deposited by the individual in the account during the taxable year to the extent that the individual's contributions are included in the individual's federal adjusted gross income.

(b) The individual's employer may subtract the amount of contributions made by the employer to a medical savings account established on the individual's behalf to the extent that the contributions are not deductible under the internal revenue code.

23. The amount by which a net operating loss carryover or capital loss carryover allowable pursuant to section 43-1029, subsection F exceeds the net operating loss carryover or capital loss carryover allowable pursuant to section 1341(b)(5) of the internal revenue code.

24. Any amount of qualified educational expenses that is distributed from a qualified state tuition program determined pursuant to section 529 of the internal revenue code and that is included in income in computing federal adjusted gross income.

25. Any item of income resulting from an installment sale that has been properly subjected to income tax in another state in a previous taxable year and that is included in Arizona gross income in the current taxable year.

26. The amount authorized by section 43-1030 relating to holocaust survivors.

27. For property placed in service:

(a) In taxable years ~~ending through~~ BEGINNING BEFORE December 31, 2012, an amount equal to the depreciation allowable pursuant to section 167(a) of the internal revenue code for the taxable year computed as if the election described in section 168(k)(2)(D)(iii) of the internal revenue code had been made for each applicable class of property in the year the property was placed in service.

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(b) In taxable years beginning from and after December 31, 2012 through December 31, 2013, an amount determined in the year the asset was placed in service based on the calculation in subdivision (a) of this paragraph. In the first taxable year beginning from and after December 31, 2013, THE TAXPAYER MAY ELECT TO SUBTRACT the amount necessary to make the depreciation claimed to date for the purposes of this title the same as it would have been if subdivision (c) of this paragraph had applied for the entire time the asset was in service. Subdivision (c) of this paragraph

Ch. 114 applies for the remainder of the asset's life. IF THE TAXPAYER DOES NOT MAKE THE ELECTION UNDER THIS SUBDIVISION, SUBDIVISION (a) OF THIS PARAGRAPH APPLIES FOR THE REMAINDER OF THE ASSET'S LIFE.

(c) In taxable years beginning from and after December 31, 2013, an amount equal to the depreciation allowable pursuant to section 167(a) of the internal revenue code for the taxable year as computed as if the additional allowance for depreciation had been ten per cent of the amount allowed pursuant to section 168(k) of the internal revenue code.

28. With respect to property that is sold or otherwise disposed of during the taxable year by a taxpayer that complied with section 43-1021, paragraph 25 with respect to that property, the amount of depreciation that has been allowed pursuant to section 167(a) of the internal revenue code to the extent that the amount has not already reduced Arizona taxable income in the current or prior taxable years.

29. With respect to property for which an adjustment was made under section 43-1021, paragraph 26, an amount equal to one-fifth of the amount of the adjustment pursuant to section 43-1021, paragraph 26 in the year in which the amount was adjusted under section 43-1021, paragraph 26 and in each of the following four years.

30. The amount contributed during the taxable year to college savings plans established pursuant to section 529 of the internal revenue code to the extent that the contributions were not deducted in computing federal adjusted gross income. The amount subtracted shall not exceed:

Ch. 236 (a) ~~Seven hundred fifty~~ TWO THOUSAND dollars for a single individual or a head of household.

(b) ~~One thousand five hundred~~ FOUR THOUSAND dollars for a married couple filing a joint return. In the case of a husband and wife who file separate returns, the subtraction may be taken by either taxpayer or may be divided between them, but the total subtractions allowed both husband and wife shall not exceed ~~one thousand five hundred~~ FOUR THOUSAND dollars.

31. The amount of any original issue discount that was deferred and not allowed to be deducted in computing federal adjusted gross income or federal taxable income in the current taxable year pursuant to section 108(i) of the internal revenue code as added by section 1231 of the American recovery and reinvestment act of 2009 (P.L. 111-5).

32. The amount of previously deferred discharge of indebtedness income that is included in the computation of federal adjusted gross income or federal taxable income in the current taxable year pursuant to section 108(i) of the internal revenue code as added by section 1231 of the American recovery and reinvestment act of 2009 (P.L. 111-5), to the extent that the amount was previously added to Arizona gross income pursuant to section 43-1021, paragraph ~~32~~ 31.

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33. The portion of the net operating loss carryforward that would have been allowed as a deduction in the current year pursuant to section 172 of the internal revenue code if the election described in section 172(b)(1)(H) of the internal revenue code had not been made in the year of the loss that exceeds the actual net operating loss carryforward that was deducted in arriving at federal adjusted gross income. This subtraction only applies to taxpayers who made an election under section 172(b)(1)(H) of the internal revenue code as amended by section 1211 of the American recovery and

reinvestment act of 2009 (P.L. 111-5) or as amended by section 13 of the worker, homeownership, and business assistance act of 2009 (P.L. 111-92).

34. For taxable years beginning from and after December 31, 2013, the amount of any net capital gain included in federal adjusted gross income for the taxable year derived from investment in a qualified small business as determined by the Arizona commerce authority pursuant to section 41-1518.

35. An amount of any net long-term capital gain included in federal adjusted gross income for the taxable year that is derived from an investment in an asset acquired after December 31, 2011, as follows:

(a) For taxable years beginning from and after December 31, 2012 through December 31, 2013, ten per cent of the net long-term capital gain included in federal adjusted gross income.

(b) For taxable years beginning from and after December 31, 2013 through December 31, 2014, twenty per cent of the net long-term capital gain included in federal adjusted gross income.

(c) For taxable years beginning from and after December 31, 2014, twenty-five per cent of the net long-term capital gain included in federal adjusted gross income.

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FOR THE PURPOSES OF THIS PARAGRAPH, A TRANSFEREE THAT RECEIVES AN ASSET BY GIFT OR AT THE DEATH OF A TRANSFEROR IS CONSIDERED TO HAVE ACQUIRED THE ASSET WHEN THE ASSET WAS ACQUIRED BY THE TRANSFEROR. IF THE DATE AN ASSET IS ACQUIRED CANNOT BE VERIFIED, A SUBTRACTION UNDER THIS PARAGRAPH IS NOT ALLOWED.

36. If an individual is not claiming itemized deductions pursuant to section 43-1042, the amount of premium costs for long-term care insurance, as defined in section 20-1691.

37. With respect to a long-term health care savings account established pursuant to section 43-1032, the amount deposited by the taxpayer in the account during the taxable year to the extent that the taxpayer's contributions are included in the taxpayer's federal adjusted gross income.

EXPLANATION OF BLEND
SECTION 43-1088

Laws 2013, First Special Session, Chapter 9
Laws 2013, First Regular Session, Chapter 236

Laws 2013, First Special Session, Ch. 9, section 9	Effective September 12, 2013 (Retroactive to January 1, 2013)
Laws 2013, First Regular Session, Ch. 236, section 9	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, First Special Session, Ch. 9 and Laws 2013, First Regular Session, Ch. 236 text changes to section 43-1088 are blended in the form shown on the following pages.

BLEND OF SECTION 43-1088
Laws 2013, First Special Session, Chapter 9 and Laws 2013, First Regular Session, Chapter 236

43-1088. Credit for contribution to qualifying charitable organizations; definitions

Ch. 9

A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, a credit is allowed against the taxes imposed by this title for voluntary cash contributions by the taxpayer or on the taxpayer's behalf pursuant to section 43-401, subsection G during the taxable year to a qualifying charitable organization not to exceed:

1. Two hundred dollars in any taxable year for a single individual or a head of household.

2. Four hundred dollars in any taxable year for a married couple filing a joint return.

B. IF THE VOLUNTARY CASH CONTRIBUTION BY THE TAXPAYER OR ON THE TAXPAYER'S BEHALF PURSUANT TO SECTION 43-401, SUBSECTION G IS TO A QUALIFYING FOSTER CARE CHARITABLE ORGANIZATION, THE CREDIT SHALL NOT EXCEED:

1. FOUR HUNDRED DOLLARS IN ANY TAXABLE YEAR FOR A SINGLE INDIVIDUAL OR A HEAD OF HOUSEHOLD.

2. EIGHT HUNDRED DOLLARS IN ANY TAXABLE YEAR FOR A MARRIED COUPLE FILING A JOINT RETURN.

~~B.~~ C. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the tax credit that would have been allowed for a joint return.

~~C.~~ D. If the allowable tax credit exceeds the taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the taxpayer may carry forward the amount of the claim not used to offset the taxes under this title for not more than five consecutive taxable years' income tax liability.

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~~D.~~ E. The credit allowed by this section~~:~~

~~1. Is allowed only if the taxpayer itemizes deductions pursuant to section 43-1042 for the taxable year.~~

~~2.~~ is in lieu of a deduction pursuant to section 170 of the internal revenue code and taken for state tax purposes.

~~E.~~ F. Taxpayers taking a credit authorized by this section shall provide the name of the qualifying charitable organization and the amount of the contribution to the department of revenue on forms provided by the department.

~~F.~~ G. A qualifying charitable organization shall provide the department of revenue with a written certification that it meets all criteria to be considered a qualifying charitable organization. The

organization shall also notify the department of any changes that may affect the qualifications under this section.

~~G.~~ H. The charitable organization's written certification must be signed by an officer of the organization under penalty of perjury. The written certification must include the following:

1. Verification of the organization's status under section 501(c)(3) of the internal revenue code or verification that the organization is a designated community action agency that receives community services block grant program monies pursuant to 42 United States Code section 9901.

2. Financial data indicating the organization's budget for the organization's prior operating year and the amount of that budget spent on services to residents of this state who either:

(a) Receive temporary assistance for needy families benefits.

(b) Are low income residents of this state.

(c) Are chronically ill or physically disabled children.

3. A statement that the organization plans to continue spending at least fifty per cent of its budget on services to residents of this state who receive temporary assistance for needy families benefits, who are low income residents of this state or who are chronically ill or physically disabled children.

4. A statement that the organization does not provide, pay for or provide coverage of abortions and does not financially support any other entity that provides, pays for or provides coverage of abortions.

~~H.~~ I. The department shall review each written certification and determine whether the organization meets all the criteria to be considered a qualifying charitable organization and notify the organization of its determination. The department may also periodically request recertification from the organization. The department shall compile and make available to the public a list of the qualifying charitable organizations.

~~I.~~ J. For the purposes of this section:

1. "Chronically ill or physically disabled children" has the same meaning prescribed in section 36-260.

2. "Low income residents" means persons whose household income is less than one hundred fifty per cent of the federal poverty level.

3. "Qualifying charitable organization" means a charitable organization that is exempt from federal income taxation under section 501(c)(3) of the internal revenue code or is a designated community action agency that receives community services block grant program monies pursuant to 42 United States Code section 9901. The organization must spend at least fifty per cent of its budget on services to residents of this state who receive temporary assistance for needy families benefits or low income residents of this state and their households or to chronically ill or physically disabled children who are residents of this state. Taxpayers choosing to make donations through an umbrella charitable organization that collects donations on behalf of member charities shall designate that the donation be directed to a member charitable organization that would qualify under this section on a stand-alone basis. Qualifying charitable organization does not include any entity that

provides, pays for or provides coverage of abortions or that financially supports any other entity that provides, pays for or provides coverage of abortions.

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4. "QUALIFYING FOSTER CARE CHARITABLE ORGANIZATION" MEANS A QUALIFYING CHARITABLE ORGANIZATION THAT EACH OPERATING YEAR PROVIDES SERVICES TO AT LEAST TWO HUNDRED FOSTER CHILDREN IN THIS STATE AND SPENDS AT LEAST FIFTY PER CENT OF ITS BUDGET ON SERVICES TO FOSTER CHILDREN IN THIS STATE. FOR THE PURPOSES OF THIS PARAGRAPH, "FOSTER CHILDREN" HAS THE SAME MEANING PRESCRIBED IN SECTION 8-501.

~~4.~~ 5. "Services" means cash assistance, medical care, child care, food, clothing, shelter, job placement and job training services or any other assistance that is reasonably necessary to meet immediate basic needs and that is provided and used in this state.

EXPLANATION OF BLEND
SECTION 43-1121

Laws 2013, Chapters 114 and 256

Laws 2013, Ch. 114, section 13	Effective September 13, 2013
Laws 2013, Ch. 256, section 3	Effective September 13, 2013

Explanation

Since these two enactments are identical, the Laws 2013, Ch. 114 and Ch. 256 text changes to section 43-1121 are blended in the form shown on the following pages.

BLEND OF SECTION 43-1121
Laws 2013, Chapters 114 and 256

43-1121. Additions to Arizona gross income; corporations

In computing Arizona taxable income for a corporation, the following amounts shall be added to Arizona gross income:

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1. The amounts computed pursuant to section 43-1021, paragraphs 3 through 9, 12, 25, 26, 31, 32~~,~~ AND 33 ~~and 34~~.

2. The amount of dividend income received from corporations and allowed as a deduction pursuant to sections 243, 244 and 245 of the internal revenue code.

3. Taxes which are based on income paid to states, local governments or foreign governments and which were deducted in computing federal taxable income.

4. Expenses and interest relating to tax-exempt income on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly exempt from the tax imposed by this title. Financial institutions, as defined in section 6-101, shall be governed by section 43-961, paragraph 2.

5. Commissions, rentals and other amounts paid or accrued to a domestic international sales corporation controlled by the payor corporation if the domestic international sales corporation is not required to report its taxable income to this state because its income is not derived from or attributable to sources within this state. If the domestic international sales corporation is subject to article 4 of this chapter, the department shall prescribe by rule the method of determining the portion of the commissions, rentals and other amounts which are paid or accrued to the controlled domestic international sales corporation and which shall be deducted by the payor. For the purposes of this paragraph, "control" means direct or indirect ownership or control of fifty per cent or more of the voting stock of the domestic international sales corporation by the payor corporation.

6. Federal income tax refunds received during the taxable year to the extent they were deducted in arriving at Arizona taxable income in a previous year.

7. The amount of net operating loss taken pursuant to section 172 of the internal revenue code.

8. The amount of exploration expenses determined pursuant to section 617 of the internal revenue code to the extent that they exceed seventy-five thousand dollars and to the extent that the election is made to defer those expenses not in excess of seventy-five thousand dollars.

9. Amortization of costs incurred to install pollution control devices and deducted pursuant to the internal revenue code or the amount of deduction for depreciation taken pursuant to the internal revenue code on pollution control devices for which an election is made pursuant to section 43-1129.

10. The amount of depreciation or amortization of costs of child care facilities deducted pursuant to section 167 or 188 of the internal revenue code for which an election is made to amortize pursuant to section 43-1130.

11. Arizona state income tax refunds received, to the extent the amount of the refunds is not already included in Arizona gross income, if a tax benefit was derived by deduction of this amount in a prior year.

12. The loss of an insurance company that is exempt under section 43-1201 to the extent that it is included in computing Arizona gross income on a consolidated return pursuant to section 43-947.

13. The amount by which the depreciation or amortization computed under the internal revenue code with respect to property for which a credit was taken under section 43-1169 exceeds the amount of depreciation or amortization computed pursuant to the internal revenue code on the Arizona adjusted basis of the property.

14. The amount by which the adjusted basis computed under the internal revenue code with respect to property for which a credit was claimed under section 43-1169 and which is sold or otherwise disposed of during the taxable year exceeds the adjusted basis of the property computed under section 43-1169.

15. The amount by which the depreciation or amortization computed under the internal revenue code with respect to property for which a credit was taken under either section 43-1170 or 43-1170.01 exceeds the amount of depreciation or amortization computed pursuant to the internal revenue code on the Arizona adjusted basis of the property.

16. The amount by which the adjusted basis computed under the internal revenue code with respect to property for which a credit was claimed under either section 43-1170 or 43-1170.01 and which is sold or otherwise disposed of during the taxable year exceeds the adjusted basis of the property computed under section 43-1170 or 43-1170.01, as applicable.

17. The deduction referred to in section 1341(a)(4) of the internal revenue code for restoration of a substantial amount held under a claim of right.

18. The amount by which a capital loss carryover allowable pursuant to section 1341(b)(5) of the internal revenue code exceeds the capital loss carryover allowable pursuant to section 43-1130.01, subsection F.

19. Any amount deducted in computing Arizona taxable income as expenses for installing solar stub outs or electric vehicle recharge outlets in this state with respect to which a credit is claimed pursuant to section 43-1176.

20. Any wage expenses deducted pursuant to the internal revenue code for which a credit is claimed under section 43-1175 and representing net increases in qualified employment positions for employment of temporary assistance for needy families recipients.

21. Any amount of expenses that were deducted pursuant to the internal revenue code and for which a credit is claimed under section 43-1178.

22. Any amount deducted for conveying ownership or development rights of property to an agricultural preservation district under section 48-5702 for which a credit is claimed under section 43-1180.

23. The amount of any deduction that is claimed in computing Arizona gross income and that represents a donation of a school site for which a credit is claimed under section 43-1181.

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~~24. The amount of any deductions that are claimed in computing federal taxable income representing expenses for which a credit is claimed under either section 43-1163 or 43-1163.01 or both.~~

~~25.~~ 24. Any amount deducted in computing Arizona taxable income as expenses for installing water conservation system plumbing stub outs in this state with respect to which a credit is claimed pursuant to section 43-1182.

~~26.~~ 25. Any amount deducted pursuant to section 170 of the internal revenue code representing contributions to a school tuition organization for which a credit is claimed under section 43-1183 or 43-1184.

EXPLANATION OF BLEND
SECTION 46-456

Laws 2013, Chapters 67 and 185

Laws 2013, Ch. 67, section 1	Effective September 13, 2013
Laws 2013, Ch. 185, section 2	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 67 and Ch. 185 text changes to section 46-456 are blended in the form shown on the following pages.

BLEND OF SECTION 46-456
Laws 2013, Chapters 67 and 185

46-456. Duty to a vulnerable adult; financial exploitation; civil penalties; exceptions; definitions

A. A person who is in a position of trust and confidence to a vulnerable adult shall use the vulnerable adult's assets solely for the benefit of the vulnerable adult and not for the benefit of the person who is in the position of trust and confidence to the vulnerable adult or the person's relatives unless ~~either~~ ANY of the following applies:

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1. The superior court gives prior approval of the transaction ON A FINDING THAT THE TRANSACTION IS FOR THE BENEFIT OF THE VULNERABLE ADULT.

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2. The transaction is specifically authorized in a valid durable power of attorney that is executed by the vulnerable adult as the principal or in a valid trust instrument that is executed by the vulnerable adult as a settlor.

3. THE TRANSACTION IS REQUIRED IN ORDER TO OBTAIN OR MAINTAIN ELIGIBILITY FOR SERVICES UNDER TITLE 36, CHAPTER 29.

4. THE PERSON IN THE POSITION OF TRUST AND CONFIDENCE TO THE VULNERABLE ADULT IS THE VULNERABLE ADULT'S SPOUSE AND THE TRANSACTION FURTHERS THE INTEREST OF THE MARITAL COMMUNITY, INCLUDING APPLYING FOR BENEFITS PURSUANT TO TITLE 36, CHAPTER 29 OR BENEFITS FOR SUPPLEMENTAL SECURITY INCOME, MEDICARE OR VETERANS' ADMINISTRATION PROGRAMS.

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B. A person who violates subsection A of this section or section 13-1802, subsection B shall be subject to actual damages and reasonable costs and attorney fees in a civil action brought by or on behalf of a vulnerable adult and the court may award additional damages ~~for~~ IN an amount up to two times the amount of the actual damages.

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C. In addition to the damages prescribed in subsection B of this section, the court may:

1. Order a person who violates subsection A of this section or section 13-1802, subsection B to forfeit all or a portion of the person's[:]

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(a) INTEREST IN ANY GOVERNING INSTRUMENT.

(b) Benefits under title 14, chapter 2 with respect to the estate of the vulnerable adult, including an intestate share, an elective share, an omitted spouse's share, an omitted child's share, a homestead allowance, any exempt property and a family allowance. If the vulnerable adult died intestate, the vulnerable adult's intestate estate passes as if the person who violated subsection A of this section or section 13-1802, subsection B disclaimed that person's intestate share to the extent the court orders that person to forfeit all or a portion of the person's benefits under title 14, chapter 2.

2. Revoke, in whole or in part, any revocable:

(a) Disposition or appointment of property that is made in a governing instrument by the vulnerable adult to the person who violates subsection A of this section or section 13-1802, subsection B.

(b) Provision by the vulnerable adult that is contained in a governing instrument that confers a general or nongeneral power of appointment on the person who violates subsection A of this section or section 13-1802, subsection B.

(c) Nomination or appointment by the vulnerable adult that is contained in a governing instrument that nominates or appoints the person who violates subsection A of this section or section 13-1802, subsection B to serve in any fiduciary or representative capacity, including serving as a personal representative, executor, guardian, conservator, trustee or agent.

3. Sever the interests of the vulnerable adult and the person who violates subsection A of this section or section 13-1802, subsection B in any property that is held by them at the time of the violation as joint tenants with the right of survivorship or as community property with the right of survivorship, and transform the interests of the vulnerable adult and the person who violated subsection A of this section or section 13-1802, subsection B into tenancies in common. To the extent that the person who violated subsection A of this section or section 13-1802, subsection B did not provide adequate consideration for the jointly held interest, the court may cause the person's interest in the subject property to be forfeited in whole or in part.

D. A revocation or a severance under subsection C, paragraph 2 or 3 of this section does not affect any third party interest in property that was acquired for value and in good faith reliance on apparent title by survivorship in the person who violated subsection A of this section or section 13-1802, subsection B unless a writing declaring the severance has been noted, registered, filed or recorded in records that are appropriate to the kind and location of the property and that are relied on as evidence of ownership in the ordinary course of transactions involving that property.

E. If the court imposes a revocation under subsection C, paragraph 2 of this section, provisions of the governing instrument shall be given effect as if the person who violated subsection A of this section or section 13-1802, subsection B disclaimed all provisions revoked by the court or, in the case of a revocation of a nomination in a fiduciary or representative capacity, the person who violated subsection A of this section or section 13-1802, subsection B predeceased the decedent.

F. Section 46-455, subsections F, G, H, I, K, L, M and P also apply to civil violations of this section.

G. The vulnerable adult or the duly appointed conservator or personal representative of the vulnerable adult's estate has priority to, and may file, a civil action under this section. If an action is not filed by the vulnerable adult or the duly appointed conservator or personal representative of the vulnerable adult's estate, any other interested person, as defined in section 14-1201, may petition the court for leave to file an action on behalf of the vulnerable adult or the

vulnerable adult's estate. Notice of the hearing on the petition shall comply with section 14-1401.

H. Subsections A, B, C, D, E and F of this section do not apply to an agent who is acting within the scope of the person's duties as, or on behalf of, any of the following:

1. A bank, financial institution or escrow agent licensed or certified pursuant to title 6.

2. A securities dealer or salesman registered pursuant to title 44, chapter 12, article 9.

3. An insurer, including a title insurer, authorized and regulated pursuant to title 20.

4. A health care institution licensed pursuant to title 36, chapter 4 that provides services to the vulnerable adult.

I. A CIVIL ACTION BROUGHT BY A PERSON IN A POSITION OF TRUST AND CONFIDENCE AGAINST A VULNERABLE ADULT REGARDING A GOVERNING INSTRUMENT ESTABLISHED BY THE VULNERABLE ADULT IS PRESUMED NOT TO BE FOR THE BENEFIT OF THE VULNERABLE ADULT UNLESS IT IS SHOWN OTHERWISE BY CLEAR AND CONVINCING EVIDENCE.

~~I.~~ J. For the purposes of this section:

1. "Asset" includes all forms of personal and real property.

2. "Disposition or appointment of property" includes a transfer of an item of property or any other benefit of a beneficiary designated in a governing instrument.

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3. "FOR THE BENEFIT OF THE VULNERABLE ADULT" INCLUDES ANY ACT THAT IS CONSISTENT WITH THE CLEARLY STATED WISHES OF THE VULNERABLE ADULT FOUND BY THE COURT TO BE MADE WITHOUT COERCION AND WHILE THE VULNERABLE ADULT WAS OF SOUND MIND.

~~3.~~ 4. "Governing instrument" means a deed, a will, a trust, a custodianship, an insurance or annuity policy, an account with pay on death designation, a security registered in beneficiary form, a pension, a profit sharing, retirement or similar benefit plan, A FAMILY LIMITED PARTNERSHIP, an instrument creating or exercising a power of appointment, a power of attorney, AN ESTATE PLANNING DOCUMENT or a dispositive, appointive or nominative instrument of any similar type.

~~4.~~ 5. "Position of trust and confidence" means that a person is any of the following:

(a) A person who has assumed a duty to provide care to the vulnerable adult.

(b) A joint tenant or a tenant in common with a vulnerable adult.

(c) A person who is in a fiduciary relationship with a vulnerable adult including a de facto guardian or de facto conservator.

(d) A person who is in a confidential relationship with the vulnerable adult. The issue of whether a confidential relationship exists shall be an issue of fact to be decided by the court based on the totality of the circumstances.

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(e) A BENEFICIARY OF THE VULNERABLE ADULT IN A GOVERNING INSTRUMENT.

~~5.~~ 6. "Revocable" means a disposition, appointment, provision or nomination under which the vulnerable adult, at the time of or immediately before death, was alone empowered, by law or under the governing instrument, to cancel the designation in favor of the person who violated subsection A of this section or section 13-1802, subsection B, whether or not the vulnerable adult was then empowered to designate the vulnerable adult in place of the person who violated subsection A of this section or section 13-1802, subsection B or the vulnerable adult then had capacity to exercise the power.

EXPLANATION OF BLEND
SECTION 48-805

Laws 2013, Chapters 24 and 232

Laws 2013, Ch. 24, section 1	Effective September 13, 2013
Laws 2013, Ch. 232, section 1	Effective September 13, 2013

Explanation

Since these two enactments are not incompatible, the Laws 2013, Ch. 24 and Ch. 232 text changes to section 48-805 are blended in the form shown on the following pages.

BLEND OF SECTION 48-805
Laws 2013, Chapters 24 and 232

48-805. Fire district; powers and duties

A. A fire district, through its board ~~or elected chief and secretary-treasurer~~, shall:

1. Hold public meetings at least once each calendar month.

~~2. Prepare an annual budget that contains detailed estimated expenditures for each fiscal year and that clearly shows salaries payable to employees of the district, including the appointed chief. For a fire district governed by an elected chief and elected secretary-treasurer,~~ [~~and beginning on July 29, 2010,~~] ~~the amount of any salary for the chief and the secretary-treasurer shall remain unchanged for the remainder of the term of office. The budget shall be posted in three public places and published in a newspaper of general circulation in the district twenty days before a public hearing at a meeting called by the board or elected chief to adopt the budget and if the fire district maintains a publicly viewable website, the budget shall be posted for the public on the website at least twenty days before the public hearing. Copies of the budget shall also be available to members of the public on written request to the district. Following the public hearing, the district board or elected chief and secretary-treasurer shall adopt a budget.~~

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~~3.~~ 2. Determine the compensation payable to district personnel.

~~4.~~ 3. Require probationary employees in a paid sworn firefighter position, a reserve firefighter position or a volunteer firefighter position to submit a full set of fingerprints to the fire district. The fire district shall submit the fingerprints to the department of public safety for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. The department of public safety may exchange this fingerprint data with the federal bureau of investigation.

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B. A fire district, through its board ~~or elected fire chief and secretary-treasurer~~, may:

1. Employ any personnel and provide services deemed necessary for fire protection, for preservation of life and for carrying out its other powers and duties, including providing ambulance transportation services when authorized to do so pursuant to title 36, chapter 21.1, article 2, but a member of a district board shall not be an employee of the district. The merger of two or more fire districts pursuant to section 48-820 or the consolidation with one or more fire districts pursuant to section 48-822 shall not expand the boundaries of an existing certificate of necessity unless authorized pursuant to title 36, chapter 21.1, article 2.

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2. Construct, purchase, lease, lease-purchase or otherwise acquire the following or any interest therein and, in connection with ~~such~~ THE construction or other acquisition, purchase, lease, lease-purchase or grant a lien on any or all of its present or future property, including:

(a) Apparatus, water and rescue equipment, including ambulances and equipment related to any of the foregoing.

(b) Land, buildings, equipment and furnishings to house equipment and personnel necessary or appropriate to carry out its purposes.

3. Finance the acquisition of property as provided in this section and costs incurred in connection with the issuance of bonds as provided in section 48-806. Bonds shall not be issued without the consent of a majority

of the electors of the district voting at an election held for that purpose. For the purposes of an election held under this paragraph, all persons who are eligible to vote in fire district elections under section 48-802 are eligible to vote.

4. Enforce the fire code adopted by the district, if any, and assist the state fire marshal in the enforcement of fire protection standards of this state within the fire district including enforcement of a nationally recognized fire code ~~when~~ IF expressly authorized by the state fire marshal.

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5. After the approval of the qualified electors of the fire district voting at a regular district election or at a special election called for such purpose by the district board ~~or the elected chief and secretary-treasurer~~, as appropriate, or at any election held in the county ~~which~~ THAT encompasses the fire district, adopt the _____ fire code, which is a nationally recognized fire code approved by the state fire marshal. The words appearing on the ballots shall be "should _____ fire district adopt the _____ fire code, which is a nationally recognized fire code approved by the state fire marshal--yes", "should _____ fire district adopt the _____ fire code, which is a nationally recognized fire code approved by the state fire marshal--no". ~~Such~~ THE code shall be enforced by the county attorney in the same manner as any other law or ordinance of the county. Any inspection or enforcement costs are the responsibility of the fire district involved. The district shall keep THE CODE on file ~~such code~~ which shall be open to public inspection for a period of thirty days ~~prior to~~ BEFORE any election for the purpose of adopting a fire code. Copies of the order of election shall be posted in three public places in the district ~~not less than~~ AT LEAST twenty days before the date of the election, and if a newspaper is published in the county having a general circulation in the district, the order shall be published in the newspaper ~~not less than~~ AT LEAST once a week during each of the three calendar weeks preceding the calendar week of the election.

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6. Amend or revise the adopted fire code, including replacement of the adopted fire code with an alternative nationally recognized fire code, with the approval of the state fire marshal and after a hearing held pursuant to posted and published notice as prescribed by ~~subsection A, paragraph 2 of this~~ section 48-805.02, SUBSECTION A. The district shall keep three copies of the adopted code, amendments and revisions on file for public inspection.

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7. Enter into an agreement procuring the services of an organized private fire protection company or a fire department of a neighboring city, town, district or settlement without impairing the fire district's powers.

8. Contract with a city or town for fire protection services for all or part of the city or town area until the city or town elects to provide regular fire department services to the area.

9. Retain a certified public accountant to perform an annual audit of district books.

10. Retain private legal counsel.

11. Accept gifts, contributions, bequests and grants and comply with any requirements of ~~such~~ THOSE gifts, contributions, bequests and grants THAT ARE not inconsistent with this article.

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Chs. 24 and 232 12. Appropriate and expend annually ~~such~~ monies as are necessary for the purpose of fire districts belonging to and paying dues in the Arizona fire district association and other professional affiliations or entities.

13. Adopt resolutions establishing fee schedules both within and outside of the jurisdictional boundaries of the district for providing fire protection services and services for the preservation of life, including emergency fire and emergency medical services, plan reviews, standby charges, Chs. 24 and 232 fire cause determination, users' fees~~,~~ OR facilities benefit assessments or any other fee schedule that may be required.

~~14. Adopt resolutions for a schedule for financial reimbursement to taxpayers for installation of certain fire protection systems such as sprinklers and monitored alarms. Any resolution to offer reimbursements shall include all of the following:~~

~~(a) A nationally recognized analysis of the cost savings to the district by using the fire protection systems.~~

~~(b) The specifications of all qualifying systems.~~

Ch. 232 ~~(c) The requirements for claiming reimbursement. The amount of reimbursement offered shall bear a reasonable relationship to the cost savings that accrue to the district as a result of the installation of qualifying systems.~~

~~(d) The requirement that the resolution to offer reimbursements expires one year after its adoption unless specifically readopted by the governing board. A resolution to readopt a schedule for financial reimbursement shall additionally include a statement as to the program's effectiveness. The statement shall include the amount of reimbursements paid to each taxpayer for the installation of the fire protection system.~~

~~15.~~ 14. With the approval of two of the three members of a three member board, four of the five members of a five member board or five of the seven members of a seven member board, change the district's name and on so doing shall give written notice to the board of supervisors of the change. The governing board of a fire district may place a question on the general election ballot as to whether the fire district shall change its name.

~~16.~~ 15. Require all employees to submit a full set of fingerprints as Ch. 232 prescribed by subsection A, paragraph ~~4~~ 3 of this section.

~~17.~~ 16. Enter into intergovernmental agreements or contracts as follows:

(a) Enter into an intergovernmental agreement with another political subdivision for technical or administrative services or to provide fire services to the property owned by the political subdivision, including property that is outside the district boundary.

(b) Enter into a contract with individuals to provide technical or administrative services.

(c) Enter into a contract with individuals to provide fire protection services or emergency medical services, or both, to the extent not regulated by title 36, chapter 21.1 to property owned by the individual located outside the district boundaries if the individual's property is not located in a county island as defined in section 11-251.12 and at least one of the following apply:

(i) The existing fire service provider where the individual's property is located has issued a notice to the individual that the provider plans to discontinue service.

(ii) Fire service is not available to the individual's property.

(iii) Fire service is offered pursuant to a contract or subscription and the individual has not obtained service for a period of twenty-four months before the date of the contract with the district.

(d) Enter into a contract with individuals to provide fire services to property owned by the individual located outside the district boundaries, where the individual's property is located in a county island as defined in section 11-251.12, if both of the following apply:

(i) The existing fire service provider where the individual's property is located has issued a notice to the residents of the county island and the individual that the provider plans to discontinue or substantially reduce service.

(ii) The district offers contracts to all residents and property owners of the county island who will be affected by the discontinuance or substantial reduction in service by the current fire service provider.

(e) For the purposes of subdivision (a), (b), (c) or (d) of this paragraph, a district may contract with any public or private fire service provider to provide some or all of the contractual services the district is contracting to deliver.

(f) Any contract entered into pursuant to subdivisions (b), (c) and (d) of this paragraph shall include a provision setting forth the cost of service and performance criteria.

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C. The chairman and clerk of the district board or their respective designees ~~or the elected chief and secretary-treasurer~~, as applicable, shall draw warrants on the county treasurer for money required to operate the district in accordance with the budget and, as so drawn, the warrants shall be sufficient to authorize the county treasurer to pay from the fire district fund.

~~D. The district shall not incur any debt or liability in excess of taxes levied and to be collected and the money actually available and unencumbered at the time in the fund, except as provided in subsection B, paragraph 2 of this section and in sections 48-806 and 48-807.~~

Ch. 24

D. FOR ANY FIRE DISTRICT THAT DESIGNATES ONE OR MORE BOARD MEMBERS TO HAVE ACCESS TO THE FINANCIAL BOOKS AND RECORDS OF THE DISTRICT, THOSE BOARD MEMBERS ARE AUTHORIZED BY LAW TO HAVE FULL ACCESS TO THOSE FINANCIAL BOOKS AND RECORDS.

E. The district board may assess and levy a secondary property tax pursuant to this article to pay for the costs of fire protection services or emergency medical services except for services regulated pursuant to title 36, chapter 21.1.

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F. The county attorney may advise and represent the district ~~when~~ IF in the county attorney's judgment ~~such~~ THE advice and representation are appropriate and not in conflict with the county attorney's duties under section 11-532. If the county attorney is unable to advise and represent the district due to a conflict of interest, the district may retain private legal counsel or may request the attorney general to represent it, or both.