

Appropriations Committee

Senator Andy Biggs, Chairman



Katy Yanez, Research Analyst

Andrew Larsen, Intern

APPROPRIATIONS COMMITTEE

LEGISLATION ENACTED

displaced pupils choice grants; continuation (NOW: universities; taxpayer funded programs; restrictions) (S.B. 1116) – Chapter 158

SEE THE EDUCATION COMMITTEE.

nuclear emergency appropriation and assessment (S.B. 1135) – Chapter 132 E

An emergency measure, effective April 15, 2011, appropriating \$1,812,420 in FY 2012 and \$1,782,028 in FY 2013 from the state General Fund to the Nuclear Emergency Management Fund, and assessing the same amounts, plus interest, against consortiums of public service and municipal corporations engaged in constructing or operating a commercial nuclear generating station.

technical correction; escape; secure facility (NOW: schools; residency requirements) (S.B. 1141) – Chapter 205

Requires parents or persons who have custody of a child who will attend a school district or charter school to provide verifiable documentation of Arizona residency in accordance with guidelines adopted by the Arizona Department of Education. School districts and charter schools maintain the documentation.

shared revenues; provisional community colleges (S.B. 1217) – Chapter 249

Effective October 1, 2011, includes a provisional community college district in the distribution of Proposition 301 Workforce Development Monies (Monies). The bill specifies that for the purpose of the distribution of the Monies, the full-time student equivalent (FTSE) of a provisional district is added to the FTSE of the community college district with which the provisional district contracts. It is further stipulated that the portion of the Monies distributed to a community college district for the provisional district are to be used to provide services to students enrolled in the provisional district as approved by the provisional district's governing board.

schools; administrative tasks; reduction (S.B. 1263) – Chapter 344

SEE THE EDUCATION COMMITTEE.

AHCCCS; missed appointments; provider remedy (S.B. 1357) – Chapter 234

SEE THE HEALTHCARE AND MEDICAL LIABILITY REFORM COMMITTEE.

photo enforcement; DPS equipment fund (NOW: moving violations; assessment; equipment; enforcement) (S.B. 1398) – Chapter 308

Gang and Immigration Intelligence Task Force Mission (GIITEM) – Administered by the Department of Public Safety (DPS), establishes the GIITEM Subaccount within the GIITEM Fund for purposes related to border security. Monies in the GIITEM Subaccount are directly distributed to county sheriffs and are subject to legislative appropriation.

Requires that any monies appropriated in FY 2012 to the State Aid to Indigent Defense Fund be deposited into the GIITEM Subaccount. The first \$1,000,000 received by the Subaccount, pursuant to the assessment outlined below, is deposited into the state General Fund (GF).

Amends Laws 2011, Chapter 33 (S.B. 1622), by eliminating the exclusion of a county official in a county with a population of more than 500,000 persons but less than 2,000,000 persons from receiving any monies from the GIITEM Fund.

Assessment – Establishes a \$13 assessment for all criminal and civil traffic offenses with the monies distributed as follows:

- a) \$8 to the State Treasurer, with \$4 dollars transferred to the Public Safety Equipment Fund (PSEF) and \$4 dollars to the GIITEM Subaccount;
- b) \$4 to the agency that investigated the offense or issued the citation, to be used to supplement, not supplant, monies available for officer safety equipment; and
- c) \$1 to the county treasurer, to be used to improve, maintain and enhance the ability of courts to collect and manage assessed monies, improve court automation and to improve case processing.

Notice of Violation (Notice) – States that if the citation issued by a law enforcement agency as a result of a photo enforcement system is served in a manner other than prescribed by rules of civil procedure, the agency must inform the person that there is no obligation to identify the driver or respond to the citation. The bill outlines similar provisions for Notices received via mail from a city or town.

Miscellaneous – In FY 2012, transfers 40 percent of remaining monies in the Photo Enforcement Fund, after paying all expenses and court costs that cover the processing of photo enforcement violations and citations, not exceeding \$7,000,000, to the PSEF.

Appropriates \$1,000,000 from the state GF in FY 2012 to DPS to enter into a memorandum of understanding with a county with a population between 300,000 and 500,000 persons to purchase equipment and supplies for deputies in the county for border security.

political flyers; petitions; homeowners' associations (S.B. 1540) – Chapter 154

Establishes knowingly removing, altering or defacing political mailers, handouts and flyers as a class 2 misdemeanor. Requires condominiums and planned communities (associations) to allow door to door political activity, but allows associations to impose certain restrictions on such activity.

nursing board; membership (S.B. 1583) – Chapter 242 E

An emergency measure, effective April 25, 2011, that allows a certified registered nurse anesthetist to be appointed by the Governor to the State Board of Nursing.

authorized third parties; ADOT (S.B. 1589) – Chapter 275

Requires the Arizona Department of Transportation (ADOT) Director to submit a report to the Governor, the President of the Senate and the Speaker of the House of Representatives on or before December 31, 2011 on the provision of services by authorized third parties and any additional recommendations for future privatization of currently offered or other ADOT services.

state firearm (S.B. 1610) – Chapter 313

Establishes the Colt Single Action Army Revolver as the state firearm.

~~general appropriations 2011-2012~~ (NOW: 2011-2012; general appropriations) (S.B. 1612) – Chapter 24

Effective April 6, 2011, makes FY 2012 state General Fund (GF) and Other Fund (OF) appropriations for the operation of state government and adjusts FY 2011 state GF and OF appropriations in order to reconcile a budget shortfall.

FY 2012 Appropriations – Makes the following state GF and OF appropriations in FY 2012 over the FY 2011 appropriations.

Summary of Changes	Fund Source	Comments	FY 2012 Changes
State Board of Accountancy			
Restore Furlough Reduction	OF		16,100
Acupuncture Board of Examiners			
Restore Furlough Reduction	OF		2,000
Arizona Department of Administration (ADOA)			
Telecommunications Lease Payment	GF		(\$425,900)
Move Capitol Police to the Department of Public Safety (DPS)	GF		(1,889,200)
Move the Government Information Technology Administration (GITA) Functions to ADOA	GF		542,000
Shift of Economic Research from Commerce	GF		233,100
Risk Management/Workers Comp Losses	OF		(1,383,200)
Transfer Capitol Police to DPS	OF		(521,600)
Personnel Division Funding for Human Resource Information System Payment	OF		800,900
GITA Consolidations	OF		3,422,300
Department of Agriculture			
Technical Fee Adjustment (Revenue Offset)	GF		218,000
Technical Fee Adjustment	OF		139,000
Livestock Investigations	OF		40,600
Citrus, Fruit & Veg. Fewer Inspections	OF		(530,600)
Native Plant Fund Less Revenue	OF		(104,700)
Arizona Health Care Cost Containment System (AHCCCS)			
Formula Changes	GF		499,465,600

Annualize 4/1 5% Rate Reduction	GF		(62,172,600)
Transfer CRS from Dept. of Health Services	GF		36,410,600
No Proposition 204 General Fund	GF		(478,902,900)
Eligibility Verification	GF		(6,000,000)
Budget Neutrality Statutory Adjustment	OF		43,800
KidsCare Formula Adjustments	OF		(10,778,100)
Healthcare Group Administration	OF		(1,646,100)
New Prescription Drug Rebate Staff	OF		20,114,500

Arizona Commission on the Arts

Eliminate GF Support	GF		(665,600)
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State Board of Appraisal

Compliance Officer	OF		148,900
Restore Furlough Reduction	OF		5,500

Board of Athletic Training

Shift from Board of Occupational Therapy	OF		101,700
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Attorney General

Increase Collection Enforcement Revolving Fund	OF		2,000,000
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Automobile Theft Authority

Appropriation Alignment	OF		(849,800)
Restore Furlough Reduction	OF		6,200

Board of Barbers

Eliminate One-time Expenditures	OF		(21,000)
Restore Furlough Reduction	OF		4,200

Board of Behavioral Health Examiners

Meeting Security	OF		11,200
Postage	OF		7,500
Restore Furlough Reduction	OF		15,500

Biomedical Research Commission

Shift to DHS	OF		(500,000)
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State Capital Postconviction Public Defender Office

AG Pro Rata Exemption	GF		(2,500)
Funding Shift	GF		40,000
Restore Furlough Reduction	GF		8,700

Ongoing Staff/County Staff	OF		162,400
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State Board for Charter Schools			
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Restore Furlough Reduction	GF		10,900
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State Board of Chiropractic Examiners			
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Computer Equipment	OF		3,000
ADOA IT Contract	OF		2,400
Restore Furlough Reduction	OF		6,700

Department of Commerce			
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Shift to Arizona Commerce Authority (ACA)	GF		(1,466,500)
ACA (\$31.5 M in Diverted Revenue)	GF		31,500,000
Elimination of Department of Commerce	OF		(4,357,400)

Arizona Community Colleges			
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Formula Changes	GF		9,015,200
Tribal College Funding	GF		(255,100)
Operating Aid Reduction	GF		(72,864,200)
Eliminate Santa Cruz Rural Out of County Reimbursement Subsidy	GF		(151,200)

Arizona Department of Corrections (ADC)			
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Net New State/Private Beds Costs	GF		(7,283,600)
Marginal Cost - Public Beds	GF		9,199,900
Leap Year Costs	GF		800,100
Private Beds Lower Costs	OF		(1,500,000)
Narrowband Radio Conversion	OF		5,750,000
Additional Operating Authority	OF		2,750,000

Board of Cosmetology			
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Restore Furlough Reduction	OF		17,700
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Arizona Criminal Justice Commission (ACJC)			
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Restore Furlough Reduction	OF		11,100
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Arizona State Schools for the Deaf and the Blind (ASDB)			
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ASDB Fund Less Revenue	OF		(2,000,000)
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Commission for the Deaf and Hard of Hearing			
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Fund Reduction and Transfer (FRAT)	OF		(200,000)
Restore Furlough Reduction	OF		18,000

Board of Dental Examiners			
Eliminate One-time Equipment	OF		(7,000)
Investigations	OF		39,500
Restore Furlough Reduction	OF		10,700

Drug and Gang Prevention Resource Center			
Elimination of Agency	OF		(344,400)

Department of Economic Security (DES)			
Developmental Disabilities Caseloads Growth	GF		92,626,700
Temporary Aid to Needy Families (TANF) Caseload Decline	GF		(28,385,600)
Additional TANF Drawdown	GF		(15,000,000)
Reduce TANF Cash Benefit Limit to 24 Months	GF		(8,600,000)
Eliminate State GF Child Care Subsidy	GF		(13,771,300)
Maintain Child Care Wait List	GF		(10,000,000)
Other Federal Funds Backfill	GF		4,500,000
Shift Adult Services to Social Services Block Grant	GF		(6,000,000)
Waiver Plan Savings	GF		(1,566,300)
TANF Contingency Fund Increase	OF		15,000,000
Reed Act Fund – Less Revenue	OF		(3,561,000)

Arizona Department of Education (ADE)			
Formula Changes/Backfill of Federal Funds	GF		143,162,200
Soft Capital Suspension	GF		(23,000,000)
Capital Outlay Revenue Limit /Additional Assistance Reduction	GF		(71,520,800)
Career Ladder Phase Down	GF		(14,500,000)
Joint Technological Education (JTED) District Qualifying Tax Rate Offset	GF		4,485,700
Student Accountability Information System (SAIS) Replacement	GF		5,000,000
9 th Grade JTED	GF		(29,780,100)
Federal Funds Cut/Backfill – EDUJobs	GF		(35,000,000)
(SAIS) Replacement	OF		1,200,000

Department of Emergency and Military Affairs (DEMA)			
Eliminate Project Challenge	GF		(1,564,500)
Nuclear Emergency Management	GF	See S.B. 1135	(929,500)
Military Installation Fund Reduction	GF		(2,025,000)

Arizona Department of Environmental Quality (ADEQ)

Emissions Inspection FRAT	OF		(7,520,100)
Solid Waste Fee Fund FRAT	OF		(369,500)
Clean Water Transfer to Water Quality	OF		(5,000,000)
Water Quality Increase Revenue	OF		4,263,700

Governor's Office of Equal Opportunity			
Restore Furlough Reduction	GF		2,500

State Board of Equalization			
Restore Furlough Reduction	GF		6,900

Board of Executive Clemency			
Annual Leave Payout	GF		13,200
Restore Furlough Reduction	GF		7,600

Department of Financial Institutions			
Eliminate One-time Equipment	OF		(53,700)

Board of Funeral Directors and Embalmers			
Restore Furlough Reduction	OF		4,400

Arizona Game and Fish Department			
Eliminate One-time Funding	OF		(1,721,500)

Arizona Department of Gaming			
Revenue Realignment	OF		(339,000)

Arizona Geological Survey			
One-time Digitization of Documents	GF	Relates to Mines and Minerals Consolidation	100,000
Restore Furlough Reduction	GF		6,500

GITA			
Move Functions to ADOA	GF		(742,000)
Transfer to ADOA	OF		(3,422,300)
State Web Portal Reduction	OF		(3,650,000)

Governor's Energy Office			
Transfer Energy Programs from Commerce	OF		186,700

Department of Health Services (DHS)			
Formula Changes	GF		154,590,900
Annualize April 1 5% Rate Cut	GF		(13,594,400)
Counties Pay 50% of Sexually Violent Prisoners (SVP) Cost	GF		(2,670,300)

Prop 204 Elimination	GF		(43,530,800)
Move CRS program to AHCCCS	GF		(36,410,600)
Fund Vital Records Through New Fees	GF		(1,205,600)
Vital Records Self-Funding (new fees)	OF		3,188,900
Alzheimer's Research	OF		1,000,000
50% County SVP Cost Sharing (new fees)	OF		2,670,300
Transfer Biomedical Research to DHS	OF		500,000
Nursing Care Survey	OF		400,000

Prescott Historical Society			
Restore Furlough Reduction	GF		9,300

Board of Homeopathic & Integrated Medical Examiners			
Eliminate One-time Expenditures	OF		(10,300)
Restore Furlough Reduction	OF		1,100

Independent Redistricting Commission			
New Redistricting Cycle	GF		2,500,000

Arizona Commission of Indian Affairs			
Restore Furlough Reduction	GF		400

Department of Insurance			
End of Phone Payments	GF		(19,300)

Judiciary – Supreme Court			
Court Appointed Special Advocate (CASA) Revenue Alignment	OF		(500,000)
Photo Radar Enforcement Program	OF		(5,326,100)

Department of Liquor Licenses and Control			
Investigator	OF		225,000

Department of Juvenile Corrections			
Population Decline	GF		(7,215,600)

State Land Department			
CAP Water Payment	GF		96,200
Funding Shift Due to Existing Fees	GF		(2,060,000)
Funding Shift Due to Existing Fees	OF		2,660,000

Law Enforcement Merit System Council			
Restore Furlough Reduction	GF		1,600

Arizona State Lottery Commission			
Enacted Charitable Commissions	OF		2,400,000

Legislation			
Instant Ticket Sales Increase	OF		998,600
Online Vendor Fees Increase	OF		26,900
Retailer Commissions Increase	OF		1,572,200

Board of Medical Student Loans			
Fund Continuing Students Only	GF		(335,900)
Medical Student Loan Fund Reduction	OF		(8,800)

State Mine Inspector			
One Time Named Claimants Funds	GF		(1,700)
Restore Furlough Reduction	GF		18,600
Restore Furlough Reduction	OF		1,300

Department of Mines & Mineral Resources			
Move Functions to Geological Survey & AZ Historical Society	GF		(226,100)

Naturopathic Physicians Medical Board			
Restore Furlough Reduction	OF		5,200

Nursing Care Inst. Admin. Board			
Restore Furlough Reduction	OF		4,500

Arizona Navigable Stream Adjudication Commission			
Restore Furlough Reduction	GF		1,500

Occupational Safety & Health Review Board			
Operating Costs	GF		15,000

Board of Occupational Therapy Examiners			
Shift to Board of Athletic Training	OF		(101,700)
Restore Furlough Reduction	OF		3,700

State Board of Dispensing Opticians			
Equipment	OF		4,500
Restore Furlough Reduction	OF		1,300

Arizona Board of Osteopathic Examiners			
OAH Hearings – One-Time	OF		7,500
Restore Furlough Reduction	OF		8,700

State Board of Optometry			
Restore Furlough Reduction	OF		3,000

Arizona State Parks Board (Parks)			
Statutory End of Land Conservation Funds	GF		(20,000,000)
Enhancement Fund (Foregone GF)	OF		1,134,600
Personnel Board			
Restore Furlough Reduction	OF		2,800
Arizona Pioneers' Home			
Restore Furlough Reduction	GF		13,800
Office of Pest Management			
Ongoing Service Fee Adjustment	OF		525,000
Arizona State Board of Pharmacy			
Restore Furlough Reduction	OF		23,500
Board of Physical Therapy Examiners			
Investigation	OF		8,000
Restore Furlough Reduction	OF		4,300
Technology	OF		500
State Board of Podiatry Examiners			
Restore Furlough Reduction	OF		1,700
Commission for Postsecondary Education			
Shift of Math/Science from Arizona Board of Regents (ABOR)	GF		176,000
Restore Furlough Reduction	OF		10,200
Board for Private Postsecondary Education			
Restore Furlough Reduction	OF		5,000
State Board of Psychologist Examiners			
Restore Furlough Reduction	OF		4,300
Department of Public Safety (DPS)			
Move Capitol Police From ADOA	GF		1,889,200
Photo Radar Enforcement Program	OF		(11,064,800)
Transfer of Capitol Police to DPS	OF		1,161,600
Arizona Department of Racing			
New Fee Shift to Self-Funding	GF		(1,042,000)
Restore Furlough Reduction	GF		21,800
Create Racing Regulation Fund	OF		1,042,000

Radiation Regulatory Agency			
Nuclear Emergency Management	GF	See S.B. 1135	(639,500)
Restore Furlough Reduction	GF		16,800
Fee Authority	OF		500,000
Restore Furlough Reduction	OF		3,400

Arizona Rangers' Pensions			
End of Program	GF		(14,200)

Residential Utility Consumer Office			
Restore Furlough Reduction	OF		15,400

Board of Respiratory Care Examiners			
Firewall	OF		5,000
Database	OF		44,000
Restore Furlough Reduction	OF		4,400

Arizona State Retirement System			
Investment Management Program	OF		302,700
Risk Management Strategies	OF		12,000
Design Plan Change	OF		(1,341,700)
Contribution Rate Administration	OF		600,000

School Facilities Board (SFB)			
New School Debt Service Change	GF		36,585,600
Restore One-time Debt Service Savings	GF		60,000,000
Restore Furlough Reduction	GF		18,400

Secretary of State (SOS)			
Litigation Costs (Chavez v. Brewer)	GF		85,000
Record Service Less Revenue	OF		(95,000)
Election Systems Improvement Less Revenue	OF		(6,000,000)

State Boards' Office			
Restore Furlough Reduction	OF		3,500

State Board of Tax Appeals			
Restore Furlough Reduction	GF		3,800

State Board of Technical Registration			
Computer System	OF		100,000

Restore Furlough Reduction	OF		21,200
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State Treasurer			
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Restore Furlough Reduction	OF		9,300
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Universities - ABOR			
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Shift of Math/Science Program to CPSE	GF		(176,000)
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Universities – Arizona State University – Tempe			
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Lump Sum Reduction	GF		(73,868,000)
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Enrollment Growth	OF		18,217,800
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Universities – Arizona State University – East Campus			
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Lump Sum Reduction	GF		(5,711,700)
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Enrollment Growth	OF		305,600
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Universities – Arizona State University – West Campus			
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Lump Sum Reduction	GF		(10,375,200)
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Enrollment Growth	OF		(3,138,100)
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Universities – Northern Arizona University			
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Lump Sum Reduction	GF		(30,043,600)
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Enrollment Growth	OF		5,103,000
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Universities – University of Arizona –Main			
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Lump Sum Reduction	GF		(60,706,800)
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Enrollment Growth	OF		6,935,600
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Universities – University of Arizona – Health Sciences Center			
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Lump Sum Reduction	GF		(17,294,800)
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Enrollment Growth	OF		123,600
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Department of Veterans’ Services			
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One-time Veterans’ Home Start-up	GF		1,853,400
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New Tucson Veterans’ Home	OF		2,746,100
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Conservatorship Program	OF		125,000
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Veterinary Medical Examining Board			
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Restore Furlough Reduction	OF		5,800
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Department of Water Resources			
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Shift to New City Fees	GF		(795,600)
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New City Fees of \$7M	OF		795,600
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Department of Weights and Measures			
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Restore Furlough Reduction	GF		9,700
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Restore Furlough Reduction	OF		16,800
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Transfers the following amounts to the state GF in FY 2011 and FY 2012 as indicated:

Fund	FY 2011	FY 2012
State Board of Accountancy		
Board of Accountancy Fund	0	15,500
Acupuncture Board of Examiners		
Acupuncture Board of Examiners Fund	0	1,900
ADOA		
AFIS II Collections Fund	0	442,200
Air Quality Fund	0	136,000
Automation Operations Fund	0	837,300
Capital Outlay Stabilization Fund (COSF)	0	97,600
Capitol Police Administrative Towing Fund	0	600
Construction Insurance Fund		201,600
Co-op State Purchasing Agreement Fund	0	7,900
Emergency Telecommunications Revolving Fund	0	2,212,100
IGA and ISA Fund	0	57,400
Information Technology Fund	0	78,600
Motor Vehicle Pool Revolving Fund	0	26,800
Personnel Division Fund	0	477,600
Risk Management Revolving Fund	5,000,000	16,081,900
Special Employee Health Insurance Trust Fund	0	40,335,800
Special Events Fund	0	2,100
State Employee Travel Reduction Fund	0	45,900
State Surplus Materials Revolving Fund	0	18,700
State Web Portal Fund	0	6,500,000
Statewide Payroll Fund	300,000	150,000
Telecommunications Fund	0	4,700,000
Traffic and Parking Control Fund	0	400
Office of Administrative Hearings		
IGA and ISA Fund	0	31,400
Department of Agriculture		
Administrative Support Fund	0	1,300
Commercial Feed Fund	0	5,800
Designated Fund	0	9,000
Fertilizer Materials Fund	0	8,100
Pesticide Fund	0	7,700

Seed Law Fund	0	1,100
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AHCCCS		
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Healthcare Group Fund	0	443,400
Intergovernmental Service Fund	0	635,500
Third Party Collections Fund	0	608,200

Board of Appraisal		
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Board of Appraisal Fund	0	5,300
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Arizona Commission on the Arts		
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Arts Trust Fund	0	115,400
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Attorney General		
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Antitrust Enforcement Revolving Fund	0	3,900
Attorney General Legal Services Cost Allocation Fund	0	220,600
Criminal Justice Enhancement Fund (CJEF) Distribution Fund	0	334,500
Collection Enforcement Enhancement Fund	0	40,000
Consumer Protection-Consumer Fraud Revolving Fund	0	517,400
Criminal Case Processing Fund	0	2,700
Interagency Service Agreements Fund	0	384,100
Intergovernmental Agreements Fund	0	49,900
Risk Management Revolving Fund	0	1,046,900
Victims' Rights Fund	0	44,400
Victims' Witness Fund	0	1,800

Automobile Theft Authority		
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Automobile Theft Authority Fund	0	887,600
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Board of Barbers		
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Board of Barbers Fund	0	3,900
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Board of Behavioral Health Examiners		
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Board of Behavioral Health Examiners Fund	0	14,900
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State Board of Chiropractic Examiners		
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Board of Chiropractic Examiners Fund	0	6,400
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Arizona Commerce Authority (ACA)		
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Arizona Job Training Fund	0	5,000
Commerce Workshop Fund	0	2,900
Nursing Education Demonstration Project Fund	0	1,993,800

Constable Ethics Standards and Training Board		
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Constable Ethics Standards and Training Fund	100,000	60,000
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Arizona Corporation Commission		
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Arizona Arts Trust Fund	0	1,500
Investment Management Regulatory and Enforcement Fund	0	248,200
Public Access Fund	0	148,700
Securities Regulatory and Enforcement Fund	0	135,500
Utility Regulation Revolving Fund	0	1,551,700

ADC		
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Arizona Correctional Industries Revolving Fund	0	293,500
Community Corrections Enhancement Fund	0	500,000
Indirect Cost Recovery Fund	0	800
Interagency Service Agreement Fund	0	2,500
State Department of Corrections Revolving Fund	0	2,000,000
State Education Fund for Correctional Education	0	754,400

Cosmetology Board		
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Board of Cosmetology Fund	0	17,100
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ACJC		
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CJEF	0	170,300
Driving Under the Influence Abatement Fund	0	761,700
Drug and Gang Enforcement Account	0	489,500
Drug and Gang Prevention Resource Center Fund	0	267,200
State Aid to Indigent Defense Fund	0	400,000
Victim Compensation and Assistance Fund	0	307,500

ASDB		
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Enterprise Fund	0	600
Regional Cooperatives Fund	0	253,500
ASDB Fund	0	220,600

Commission for the Deaf and the Hard of Hearing		
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Telecommunication Fund for the Deaf	200,000	1,587,300
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State Board of Dental Examiners		
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Dental Board Fund	0	10,300
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DES		
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Child Abuse Protection Fund	0	118,300
Children and Family Services Training Program Fund	0	2,500
Industries for the Blind Fund	0	244,100

Long-Term Care System Fund	30,000,000	30,000,000
Public Assistance Collection Fund	0	92,200
Special Administration Fund	0	439,100
Spinal and Head Injuries Trust Fund	0	452,400

ADE		
Education Commodity Fund	0	2,900
Education Production Revolving Fund	0	371,200
Indirect Cost Recovery Fund	0	193,000
Internal Services Fund	0	795,400
Special Education Fund	2,700,000	0

DEMA		
Emergency Response Fund	0	132,700
Nuclear Emergency Management Fund	0	16,600

ADEQ		
Air Permits Administration Fund	0	894,500
Air Quality Fund	0	619,500
Emissions Inspection Fund	0	8,023,900
Hazardous Waste Management Fund	0	62,300
Indirect Cost Recovery Fund	0	2,589,900
Institutional and Engineering Control Fund	0	300
Monitoring Assistance Fund	0	134,300
Recycling Fund	0	1,517,900
Solid Waste Fee Fund	0	369,500
Specific Site Judgment Fund	0	80,000
Underground Storage Tank Revolving Fund	0	6,154,400
Voluntary Remediation Fund	0	25,500
Voluntary Vehicle Repair and Retrofit Program Fund	0	747,200
Water Quality Assurance Revolving Fund	0	510,600
Water Quality Fee Fund	0	783,600

Arizona Exposition and State Fair Board		
Arizona Exposition and State Fair Fund	0	106,200

Department of Financial Institutions		
Financial Services Fund	0	1,018,500
Revolving Fund	0	5,500

Department of Fire, Building and Life Safety		
Building and Fire Safety Fund	0	8,200

Office of the State Forester		
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Cooperative Forestry Fund	0	45,400
Fire Suppression Fund	0	280,100

State Board of Funeral Directors and Embalmers		
Board of Funeral Directors and Embalmers Fund	0	4,200

Arizona Game and Fish Department		
Heritage Fund	0	125,500
Watercraft Licensing Fund	0	549,200

Arizona Geological Survey		
Geological Survey Fund	0	12,900

Office of the Governor		
IGA and ISA Fund	0	15,800
Indirect Cost Recovery Fund	0	11,600

DHS		
Child Fatality Review Fund	0	3,700
Emergency Medical Services Operating Fund	0	1,086,500
Environmental Laboratory Licensure Revolving Fund	0	60,200
Health Services Licensing Fund	0	304,000
Hearing and Speech Professionals Fund	0	30,500
IGA and ISA Fund	0	642,000
Indirect Cost Fund	0	1,426,500
Newborn Screening Program Fund	0	72,300
Risk Assessment Fund	0	500
Substance Abuse Services Fund	0	800,000
Vital Records Electronic Systems Fund	0	7,300

Arizona Historical Society		
Permanent Arizona Historical Society Revolving Fund	0	2,100

Board of Homeopathic and Integrated Medicine Examiners		
Board of Homeopathic and Integrated Medicine Examiners' Fund	0	1,100

Department of Housing		
Housing Program Fund	0	2,257,500
IGA and ISA Fund	0	258,900

Industrial Commission		
Industrial Commission Administrative Fund	0	426,700

Department of Insurance		
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Assessment Fund for Voluntary Plans	30,000	36,600
Captive Insurance Regulatory and Supervision Fund	0	70,600
Financial Surveillance Fund	0	45,700
Health Care Appeals Fund	25,000	35,400

Judiciary – Supreme Court		
Alternative Dispute Resolution Fund	0	77,900
Arizona Lengthy Trial Fund	0	400
Certified Reporters Fund	0	3,900
Confidential Intermediary and Fiduciary Fund	0	11,000
CASA Fund	0	21,100
CJEF	0	85,500
Defensive Driving School Fund	0	143,400
Photo Enforcement Fund	1,400,000	0
Public Defender Training Fund	0	71,400

Judiciary – Superior Court		
CJEF	0	85,100
Drug Treatment and Education Fund	0	43,600
Judicial Collection Enhancement Fund	0	210,100
Juvenile Delinquent Reduction Fund	0	528,300

Arizona Department of Juvenile Corrections (ADJC)		
CJEF	0	152,000
Department of Juvenile Corrections Fund	0	1,800
State Education Fund for Committed Youth	0	38,100

Legislature - House of Representatives		
Nonlapsing Fund	0	2,000,000

Department of Liquor Licenses and Control		
Enforcement Surcharge Enforcement Unit Fund	0	26,000
Liquor Licenses Fund	0	286,600

Arizona State Lottery Commission		
State Lottery Fund	0	1,779,300

Arizona Medical Board		
Arizona Medical Board Fund	0	122,100

State Mine Inspector		
Aggregate Mining Reclamation Fund	0	1,200

Naturopathic Physicians Medical Board		
Naturopathic Physicians Medical Board Fund	0	5,100
Arizona State Board of Nursing		
Board of Nursing Fund	0	104,000
Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers		
Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund	0	4,300
Board of Occupational Therapy Examiners		
Occupational Therapy Fund	0	3,500
State Board of Dispensing Opticians		
Board of Dispensing Opticians Fund	0	1,200
State Board of Optometry		
Board of Optometry Fund	0	2,800
Arizona Board of Osteopathic Examiners in Medicine and Surgery		
Board of Osteopathic Examiners Fund	0	8,400
Parents Commission on Drug Education and Prevention		
Drug Treatment and Education Fund	0	640,700
Arizona State Parks Board		
Off-Highway Vehicle Recreation Fund	0	133,000
Publications and Souvenir Revolving Fund	0	67,700
Reservation Surcharge Revolving Fund	0	102,400
State Lake Improvement Fund	1,491,100	0
State Parks Enhancement Fund	0	2,090,000
Personnel Board		
Personnel Division Fund – Personnel Board Account	0	2,600
Office of Pest Management		
Pest Management Fund	0	62,600
Arizona State Board of Pharmacy		
Arizona State Board of Pharmacy Fund	0	22,500
Board of Physical Therapy Examiners		
Board of Physical Therapy Fund	0	4,100
State Board of Podiatry Examiners		
Podiatry Fund	0	1,500

Commission for Postsecondary Education		
Early Graduation Scholarship Fund	291,800	0
Postsecondary Education Fund	0	9,800
Postsecondary Education Grant	0	28,300

State Board for Private Postsecondary Education		
Board for Private Postsecondary Education Fund	0	4,800

State Board of Psychologist Examiners		
Board of Psychologist Examiners Fund	0	4,100

DPS		
Anti-Racketeering Fund	0	3,617,100
Automated Fingerprint Identification System Fund	0	11,000
Board of Fingerprinting Fund	100,000	103,200
Crime Laboratory Assessment Fund	250,000	200,000
Crime Laboratory Operations Fund	0	3,554,700
CJEF	450,000	450,000
Department of Public Safety Administration Fund	0	252,300
Department of Public Safety Joint Fund - Control Fund	0	3,850,400
Department of Public Safety Licensing Fund	0	191,200
DNA Identification System Fund	0	2,589,100
Fingerprint Clearance Card Fund	1,500,000	1,175,800
Highway Patrol Fund	0	1,897,000
IGA and ISA Fund	0	143,100
Indirect Cost Recovery Fund	0	183,500
Motorcycle Safety Fund	50,000	31,900
Parity Compensation Fund	1,000,000	600,000
Peace Officers' Training Fund	0	863,800
Records Processing Fund	75,000	102,500

Department of Racing		
Arizona Breeders' Award Fund	0	1,500
County Fairs Racing Betterment Fund	0	56,300
Stallion Award Fund	0	6,600

Radiation Regulatory Agency		
Nuclear Emergency Management Fund	0	5,600
Service Fees Increase Fund	0	291,100
State Radiologic Technologist Certification Fund	0	24,400

State Real Estate Department		
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Education Revolving Fund	0	4,000
Residential Utility Consumer Office		
Residential Utility Consumer Office Revolving Fund	0	14,900
Board of Respiratory Care Examiners		
Board of Respiratory Care Examiners Fund	0	4,200
Arizona Department of Revenue		
Department of Revenue Administrative Fund	2,000,000	1,837,500
Liability Set-Off Fund	0	38,000
SFB		
School Facilities Revenue Bond Debt Service Fund	0	850,000
State School Trust Revenue Bond Debt Service Fund	0	110,000
SOS		
Data Processing Acquisition Fund	0	4,500
Gift Shop Revolving Fund	0	1,900
Notary Bond Fund	0	3,500
Records Services Fund	0	13,900
Board of Technical Registration		
Technical Registration Fund	0	20,400
Department of Transportation		
Air Quality Fund	0	1,100
Economic Strength Project Fund	0	100,000
State Aviation Fund	3,200,000	717,700
Transportation Department Equipment Fund	0	2,552,600
State Treasurer		
State Treasurer's Operating Fund	0	8,900
ABOR		
Regents Local Fund	0	265,400
Arizona State Veterinary Medical Examining Board		
Veterinary Medical Examining Board Fund	0	5,600
Department of Water Resources		
Arizona Water Banking Fund	0	312,000
Arizona Water Protection Fund	0	53,300
Arizona Water Quality Fund	0	92,500
Assured and Adequate Water Supply Administration Fund	0	12,300

Augmentation and Conservation Assistance Fund	0	52,400
Indirect Cost Recovery Fund	0	376,500
Well Administration and Enforcement Fund	0	123,000

Department of Weights and Measures		
Air Quality Fund	0	121,200

Deposits in FY 2012 \$105,373,700 of Vehicle License Tax to the state GF instead of the State Highway Fund.

Payment Deferrals – Continues the payment deferrals established in the FY 2011 state budget through FY 2012 by requiring:

- a) ABOR to defer until after July 1, 2012 \$200,000,000 which is allocated to the universities in the individual campus appropriations;
- b) ADE to defer in FY 2012 \$952,627,700 in Basic State Aid and Additional State Aid;
- c) DES to defer \$35,000,000 in payments for services provided in May and June 2012 until after July 1, 2012; and
- d) AHCCCS to suspend Acute Care capitation payments in 2012 in the amount of \$344,201,700 for up to two months.

Appropriates the above amounts to the specified agencies in FY 2013 to satisfy the deferrals.

Miscellaneous – S.B. 1612 also makes supplemental appropriations and reductions to the enacted FY 2011 budget. Forecasts state GF revenue for FY 2011, excluding the beginning balance and excluding one-time revenues at \$8,005,995,900, and \$8,648,294,200 for FY 2012. Finally, the bill requires Joint Legislative Budget Committee staff to determine, and ADOA to allocate to each agency a reduction of the \$10,000,000 made pursuant to benefit eligibility requirements and waiting periods and determined by the budget procedures reconciliation bill (S.B. 1614).

2011-2012; capital outlay (NOW: capital outlay; 2011-2012) (S.B. 1613) – Chapter 25

Makes appropriations and session law changes related to Capital Outlay necessary to implement the FY 2012 state budget.

Building Renewal – Appropriates the following amounts in FY 2012 to the following agencies from the specified funds for major maintenance, repair and renewal of state buildings:

Agency	Fund Source	Amount
Arizona Department of Administration (ADOA)	Capital Outlay Stabilization Fund (COSF)	\$ 6,500,000
	Department of Corrections Building Renewal Fund	\$ 4,630,500
Arizona Department of Transportation (ADOT)	State Highway Fund	\$ 1,000,000
	State Aviation Fund	\$ 50,000
Arizona Lottery Commission	Arizona State Lottery Fund	\$ 79,200
Arizona Game and Fish Department (G&F)	Game and Fish Fund	\$ 522,100

Allows the ADOA to allocate \$275,000 of its appropriated amounts to personal services and employee-related expenditures for up to 5 FTE positions each fiscal year until the building renewal projects are completed. Requires all other monies appropriated to be reviewed by the Joint Committee on Capital Review (JCCR) in order to be spent for personal services or employee-related expenditures or for maintenance contracts on building components and equipment.

Requires the appropriation to the ADOA to be reduced by the difference between the amount appropriated to the ADOA from COSF and the balance in COSF if monies in the fund are insufficient to fund the appropriation to the ADOA for building renewal.

Major Capital Projects – Appropriates the following amounts in FY 2012 to the following agencies from the specified funds for major capital projects:

Agency	Purpose	Fund	Amount
G&F	Statewide Preventative Maintenance	Game and Fish Fund	\$ 30,000
G&F	Property Maintenance	Game and Fish Capital Improvement Fund	\$ 500,000
G&F	Dam Maintenance	Game and Fish Capital Improvement Fund	\$ 500,000
ADOT	Statewide Highway Construction	State Highway Fund	\$ 209,978,000
ADOT	Airport Planning and Development	State Aviation Fund	\$ 22,300,400

ADOA – Requires ADOA to report on the status of project-specific FTE positions for capital projects in its annual capital budget request, and allows ADOA to allocate FTE positions authorized for specific projects to other projects provided that specific conditions are met. Requires ADOA to report any FTE position reallocations to the JCCR by December 15, 2011.

Miscellaneous – Prohibits appropriations from being spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities.

Exempts appropriations from lapsing until the purpose the appropriation was made for is accomplished, abandoned or inactive for a full fiscal year.

Requires the JCCR to review the scope, purpose and estimated cost before the release of monies for construction of a new capital project that has an estimated cost of more than \$250,000.

~~2011-2012; state budget procedures~~ (NOW: state budget procedures; 2011-2012) (S.B. 1614) – Chapter 26

Makes statutory and session law changes relating to budget procedures in order to implement the FY 2012 state budget.

State Employment – The bill requires that state employees work regularly for at least 90 days in order to be eligible for state employee benefits. It further stipulates that a state employee must work regularly for at least six months in order to be a member of the Arizona State Retirement

System (ASRS). Effective July 1, 2011, changes the employee/employer contribution split for the ASRS from 50/50 to 53/47, and transfers the savings to the state General Fund (GF).*

S.B. 1614 also allows an agency director to require agency covered employees to work reduced hours in order to comply with any reduction in appropriations. Retroactive to April 1, 2011, the bill eliminates any remaining mandatory furlough days as specified by Laws 2010, Seventh Special Session, Chapter 3.

Miscellaneous – Contains reporting requirements concerning the allocation of the government services portion of the Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. Finally, the bill makes several technical adjustments including the suspension of the requirement for biennial budgets and outlines the disposition of ending fund balances.

**Please see the summary for H.B. 2024 for amendments to this section of S.B. 1614.*

consolidation; state agencies (NOW: state agencies; consolidation) (S.B. 1615) – Chapter 27

Retroactive to July 1, 2011, makes numerous consolidatory changes to state agencies necessary to implement the FY 2012 budget. Specifically, the bill consolidates:

- a) the Government Information Technology Agency into the Arizona Department of Administration (ADOA);
- b) the Biomedical Research Commission into the Department of Health Services;
- c) the Department of Mining and Mineral Resources responsibilities not relating to the Centennial Museum into the Arizona Geological Survey; and
- d) Capitol Police from ADOA to the Department of Public Safety.

revenues; 2011-2012; budget reconciliation (NOW: budget reconciliation; revenue; 2011-2012) (S.B. 1616) – Chapter 28

Makes necessary statutory and session law changes relating to general revenues to reconcile the FY 2012 state budget, including:

- a) Establishes the Seriously Mentally Ill Housing Trust Fund consisting of the first \$2.5 million of unclaimed property monies. These monies are spent on approval of the Department of Health Services (DHS) solely for housing projects for the seriously mentally ill. Requires DHS to notify a city, town, county or tribal government if a project is planned in its jurisdiction, and, before proceeding, seek comment from the governing body.
- b) Requires the Director of the Department of Revenue (DOR) to establish a tax recovery program in the period of September 1 through October 1, 2011. Taxes included for recovery are any tax administered or collected by DOR except estate tax and ad valorem property taxes. Requires the Director to abate or waive all or part of the civil penalties and impose interest at a reduced rate for taxpayers filing annually in TY 2004 through 2009. Each taxpayer is required to submit a complete and correct application and pay the tax, plus interest due, before October 1, 2011.
- c) Reduces the deposit from unclaimed property to the Housing Trust Fund, from \$10.5 million to \$2.5 million.
- d) Requires counties to transfer specified amounts to the state General Fund in FY 2012.

- e) Holds small counties harmless from the Highway User Revenue Fund shift contained in S.B. 1612.
- f) Allows the Legislature to forego appropriations to or transfers from the budget stabilization fund in FY 2012.

~~K-12 education; 2011-2012; budget reconciliation~~ (NOW: budget reconciliation; K-12 education; 2011-2012) (S.B. 1617) – Chapter 29

Makes statutory and session law changes relating to K-12 education in order to reconcile the FY 2012 state budget.

Basic State Aid – Continues the FY 2011 base level amount of \$3,267.72 and increases the transportation support level per route mile formula amount by 0.9% for FY 2012. Increases charter school additional assistance amounts for FY 2012 from \$1,607.50 to \$1,621.97 for students in grades K-8; and from \$1,873.52 to \$1,890.38 for students in grades 9-12. Directs the Arizona Department of Education (ADE) to proportionally reduce the FY 2012 additional assistance amounts apportioned to charter schools by an amount specified in the General Appropriations Act, S.B. 1612.

Directs ADE to reduce school districts' soft capital allocation (SCA) and budget limits by \$188,120,700 for FY 2012. Also directs ADE for FY 2012 to reduce the amount of basic state aid that would be otherwise allocated for Capital Outlay Revenue Limit (CORL) by \$63,864,800. However, for FY 2012, the sum of SCA and CORL reductions for school districts with fewer than 1,100 average daily membership (ADM) shall not exceed \$5,000,000.

Permanently repeals statute allowing school districts to adjust their Revenue Control Limit for actual utility costs.

Joint Technological Education District (JTED) – Funds state aid for JTEDs in FY 2012 at 91 percent of the amount that otherwise would be provided by law. Additionally, the bill prohibits ninth grade students from being included in a JTEDs student count or ADM.

Career Ladder – Specifies the maximum increase in the base level amount participating school districts may budget for Career Ladder or the Optional Teacher Performance Pay Program for FY 2012 through FY 2015. Outlines a new method for FY 2012 through FY 2015 for calculating equalization assistance for districts choosing to increase their base support level for Career Ladder or Optional Teacher Performance Pay Programs. Repeals the Career Ladder Program and the Optional Teacher Performance Pay Program July 1, 2015 and prohibits new teachers from participating in either program in FY 2012 through FY 2015.

School Facilities Board (SFB) – Suspends the building renewal formula for FY 2012. The SFB may not authorize or award funding for the design, construction or school site acquisition for any new school facility in FY 2012. School districts must submit capital plans and the SFB may review and award new school facilities in FY 2012, subject to future appropriations.

ADE Education Learning and Accountability Fund/System – Establishes the ADE Education Learning and Accountability Fund. The fund consists of legislative appropriations and fees collected from universities and community college districts (\$6 per full-time equivalent student). The system is required to collect, maintain and report student-level data for preschool through postsecondary students.

Early Graduation Scholarship Program (EGSP) – Limits the EGSP to students admitted before July 1, 2009 and continues funding for these existing students, subject to sufficient available funds. In FY 2012, a school district or charter school may not adjust its student count and per-pupil funding for pupils who graduate high school early and the ADE may not transfer any monies to the Commission for Post Secondary Education for the EGSP.

Miscellaneous – Suspends annual performance audit requirements for the AIMS Intervention and Dropout Prevention programs for FY 2012 and permanently repeals the special education program cost study.

higher education; 2011-2012; budget reconciliation (NOW: budget reconciliation; higher education; 2011-2012) (S.B. 1618) – Chapter 30

Makes statutory and session law changes relating to higher education in order to reconcile the FY 2012 state budget.

Community Colleges – In FY 2012, suspends the capital outlay funding formula. Allows each community college district to use any portion of its capital outlay funding for operating aid expenses for FY 2012. Specifies that the FY 2012 appropriations for operating state aid are equal to an amount provided in the General Appropriation Act, S.B. 1612. Allows a district board to delegate the authority to execute a lease that exceeds \$100,000 per year. Removes requirements specifying that a workforce development plan report be submitted to the Department of Commerce by April 1 of each year and that community college governing boards submit information to the center for vocational education regarding vocational students.

Universities – Suspends the statutory requirement that a 2:1 ratio of state funding to student fees be deposited into the Arizona Financial Aid Trust for FY 2012. Requires the Arizona Board of Regents (ABOR) to submit to the Joint Legislative Budget Committee by August 1 of each year a report on the graduation rates of each university campus from the previous fiscal year and retention rates ordered by each campus and class.

Board of Medical Student Loans – Effective July 1, 2012, suspends the statutory requirement that a minimum of 50 percent of loan monies be apportioned for students attending private medical schools.

Miscellaneous – Specifies that it is the intent of the Legislature that ABOR and Arizona State University, University of Arizona and Northern Arizona University work together to recommend a performance and outcome based funding structure, a financial aid model that is student structured and a method that addresses the issue of per student funding disparities for FY 2013 budget submittals.

health; 2011-2012; budget reconciliation (NOW: budget reconciliation; health; 2011-2012) (S.B. 1619) – Chapter 31

Makes the following statutory and session law changes relating to health to reconcile the FY 2012 state budget:

Arizona Health Care Cost Containment System (AHCCCS)

Eligibility – Retroactive to April 1, 2011, authorizes the AHCCCS Administration to adopt rules necessary to implement a program within available appropriations. Exempts the AHCCCS Administration from rulemaking requirements through June 30, 2013, to adopt rules that: a) make changes to the amount, duration or scope of services provided in the acute care program; b) establish and maintain rules regarding standards, methods and procedures for determining eligibility; c) make changes to reimbursement rates and methodologies, including rules relating to cost sharing responsibilities; and d) implement legislative requirements. Asserts the Legislature’s intent for the AHCCCS Administration to implement a program within available appropriations if the Centers for Medicare and Medicaid Services (CMS) does not approve the Section 1115 Waiver. Finally, allows the AHCCCS Administration to re-determine the eligibility of persons who are enrolled in the AHCCCS program under Proposition 204 more often than once a year.

Cost Sharing – Subject to approval by CMS, requires AHCCCS members in acute care, Arizona Long Term Care System (ALTCS) or KidsCare programs to pay the following cost-sharing amounts, beginning July 1, 2011: a) \$15 monthly premium, limited to \$60 per household per month; b) \$5 copayment for physician office visits; c) \$10 copayment for urgent care visits; and d) \$30 copayment for emergency department visits. Applies the cost-sharing amounts notwithstanding any other law and in addition to current cost-sharing requirements.

Non-emergency Transportation and Ambulance Rates – Prohibits non-emergency medical transportation for AHCCCS acute care members, except in stretcher vans and ambulances with prior authorization and initiated by a physician’s direction. Establishes the rate of payment for AHCCCS ambulance services through CY 2012 at 72.2 percent, authorizes rate reductions of up to an additional five percent in CY 2012 and prohibits the AHCCCS Administration from including any approved rate increases for the remainder of CY 2011.

Provider Rates and Hospital Reimbursement – Authorizes the AHCCCS Administration to reduce provider rate payments by up to five percent in contract year 2012. Eliminates the payment methodology used to calculate payment for outlier claims. Effective July 1, 2011, bases the prospective tiered per diem payment rates for inpatient hospital services that are rendered after October 1, 2011, on the amounts payable for those services as of September 30, 2011. Prohibits the AHCCCS Administration from adjusting hospital tiered per diem rates for inflation in contract year 2012. Exempts the AHCCCS Administration from rulemaking requirements for one year after the effective date to implement changes to the tiered per diem rates for inpatient and outlier services.

Disproportionate Share Hospital (DSH) Payments – Continues to require the Maricopa County Special Health Care District (District) and the Arizona State Hospital (State Hospital) to provide a certified public expense (CPE) form for qualifying DSH expenditures. Prescribes procedures that apply if the CPE amount is less than estimated. Establishes DSH payments in FY 2012 and specifies payment distribution. Limits the allocation of private hospital DSH payments to hospitals that meet the federal definition of *disproportionate share qualifying hospital*, and hospitals that have over 300 beds and that are located in Yuma County. Permits political subdivisions, tribal governments and public state universities to provide matching monies for DSH payments and to designate hospitals to receive those funds in FY 2011 and FY 2012, subject to the limitations of federal law and contingent upon the approval of the AHCCCS Administration and CMS.

County Contributions – Modifies the distribution and payment of county contributions in FY 2011 and FY 2012, as follows:

- a) Increases total county contributions for ALTCS in FY 2011, from \$187,507,000 to \$192,878,000.
- b) Establishes total county contributions for ALTCS in FY 2012 at \$251,732,900.
- c) If the total cost of the ALTCS program exceeds the amounts specified in the general appropriations act in FY 2011 or in FY 2012, requires counties to pay a proportional percentage of the total cost.
- d) Requires, in FY 2012, the AHCCCS Administration to transfer to the counties a portion of enhanced FMAP monies by December 31, 2012, to comply with the Affordable Care Act.
- e) Establishes total county contributions for acute care in FY 2012 at \$48,605,300. Decreases Maricopa County's FY 2012 acute care contribution to \$20,575,000. Continues acute care contributions and related requirements in FY 2012 for all other counties at FY 2011 levels.
- f) Continues county contributions in FY 2012 for hospitalization and medical care at FY 2011 levels, for a total amount of \$2,646,200. Continues to exempt Maricopa County and continues to exclude these payments from county expenditure limitations.
- g) Continues to exclude county contributions for Proposition 204 administrative costs from county expenditure limitations.

Medical Liability Waiver – Authorizes the AHCCCS Administration to participate in any special disability workload 1115 Demonstration Waiver offered by CMS. Requires any credits provided through the Waiver to be used in the fiscal year in which they are made available. Specifies credits are used to fund the state share of medical assistance expenditures to draw down federal matching funds for Medicaid. Requires the AHCCCS Administration to report the receipt of any credits to the Joint Legislative Budget Committee (JLBC) by December 31, 2011, and June 30, 2012.

Prescription Drug Rebates – Retroactive to March 1, 2011, establishes the Prescription Drug Rebate Fund (Fund), consisting of prescription drug rebate collections, interest from late rebate payments and federal monies made available for the operation of the prescription drug rebate

program. Directs the AHCCCS Administration to administer the Fund. Specifies that Fund monies are used for the following purposes: a) to return the federal share of rebate collections and interest to CMS by offsetting future federal draws; b) to pay for the administrative costs of the program, including payments to the prescription drug rebate vendor; and c) to contribute to the non-federal share of payments to AHCCCS acute care contractors or providers.

Fraud Reduction – Requires the AHCCCS Administration to issue a request for information (RFI) by August 1, 2011, for mechanisms to reduce erroneous and fraudulent payments in the AHCCCS system. RFI responses may address reducing incorrect payments due to the actions of either the individual recipient or the provider of services. Requires the AHCCCS Administration to issue a request for proposal (RFP), subject to JLBC review, by October 1, 2011, and to award a contract by January 1, 2012.

Transplant Services – States the Legislature’s intent that funding for transplant services that were eliminated in the FY 2011 state budget (Laws 2010, 7th Special Session, Chapter 10) be restored.

Miscellaneous – Continues the risk contingency rate setting reduction of 50 percent for all managed care organizations.

Department of Health Services (DHS)

Children’s Rehabilitative Services (CRS) – Effective July 1, 2011, permanently transfers the administrative powers and duties of the CRS Program from DHS to the AHCCCS Administration.

Vital Records – Requires the Director of DHS, rather than the state registrar, to establish fees for vital records, and eliminates the requirement for the fees to be established by rule. Authorizes the Director to establish a surcharge for local registrars to access the state vital records automation system. Modifies the distribution of vital record fees between the state General Fund and the Vital Records Electronic Systems Fund. States the Legislature’s intent that the total amount of fees collected in FY 2012 not exceed \$4,539,000. Exempts DHS from rulemaking requirements for two years after the effective date for the purpose of establishing the fees.

Arizona State Hospital – Requires counties to reimburse DHS for 50 percent of the costs of commitment to the State Hospital of sexually violent persons (SVP) in FY 2012. Continues to require cities and counties to pay 100 percent of the restoration to competency (RTC) treatment costs in FY 2012. Directs reimbursements for SVP and RTC costs to be deposited in the Arizona State Hospital Fund. Specifies procedures for making reimbursement payments, and excludes the reimbursement payments from county expenditure limitations.

Arizona Department of Administration (ADOA)

Permanently eliminates ADOA’s authority to: a) require state agencies to make employer health insurance contributions at the beginning of the fiscal year; and b) transfer monies appropriated for that purpose to the Special Employee Health Insurance Trust Fund.

Prohibits ADOA from implementing a differentiated health insurance premium based on the integrated or non-integrated status of a state employee health insurance provider in FY 2012.

welfare; 2011-2012; budget reconciliation (NOW: budget reconciliation; welfare; 2011-2012) (S.B. 1620) – Chapter 32

Makes statutory and session law changes relating to welfare in order to reconcile the FY 2012 state budget. Decreases the time limit for receiving cash assistance from three years to two years. Continues, as session law: a) the ability of the Department of Economic Security (DES) to reduce income eligibility levels for child care assistance; and b) the requirement for DES to drug test cash assistance recipients who DES has reasonable cause to believe engage in the illegal use of controlled substances. Specifies that a positive drug test renders the recipient ineligible for benefits for one year.

criminal justice; 2011-2012; budget reconciliation (NOW: budget reconciliation; criminal justice; 2011-2012) (S.B. 1621) – Chapter 33

Makes necessary statutory and session law changes relating to the criminal justice system to reconcile the FY 2011 and FY 2012 state budget.

Arizona Department of Corrections (ADC) /County Jail – Establishes the Building Renewal Fund (Fund) for projects that repair or rework buildings and supporting infrastructure under ADC control. Permits the Director of ADC to use up to eight percent of the annual expenditures for routine preventative maintenance and specifies prohibitions on Fund monies use.

Permits the Director to establish a fee for deposits made to a prisoner spendable account and a one-time fee for conducting background checks on any person 18 years old or older who visits a prisoner and requires monies to be deposited into the Fund. Transfers the following amounts annually to the Fund: a) \$500,000 from the Inmate Store Proceeds Fund; b) \$500,000 from the Special Services Fund; and c) \$1,000,000 from the Correctional Industries Revolving Fund.

Requires, effective July 1, 2012, that persons sentenced to one year or less in ADC be placed in the custody of a county jail, unless the sentencing county sheriff has entered into an agreement to reimburse ADC for the incarceration costs. Details reimbursement agreement terms and penalties for noncompliance. Requires, as session law, on or before December 31, 2011, ADC to submit to the Joint Legislative Budget Committee (JLBC) a proposed schedule of charges to counties for incarceration costs in reimbursement agreements. Requires, as session law, ADC to present its FY 2013 budget plan on state-operated prison bed reductions and marginal cost savings associated with county incarceration of prisoners to JLBC by March 1, 2012. Continues, as session law, certain expenditure reporting requirements when ADC submits its FY 2013 budget request. Permits, as session law, ADC to use monies from any of the following funds for operating expenses: a) the Transition Program Fund; b) the Transition Services Fund; and c) the ADC Interagency Service Agreement Fund.

Attorney General – Raises, as session law, the non-lapsing, excess distribution cap from \$100,000 to \$500,000 for monies remaining in the Collection Enforcement Revolving Fund and specifies distribution basis.

Department of Public Safety (DPS)* – Requires monies distributed from the Gang and Immigration Intelligence Team Enforcement Mission Fund (GIITEM Fund) to go directly to a county sheriff and exempts the monies from county board of supervisors approval. GIITEM Fund monies are to be used for purposes related to the following: a) employer sanctions and human and drug smuggling law enforcement; b) gang and strict immigration law enforcement, including border

security and border personnel; c) county jail reimbursement costs relating to illegal immigration; and d) other previously authorized uses. Allocates GIITEM Fund monies as follows: a) the first \$1.6 million to a county sheriff of a county with a population of more than 3 million; b) \$500,000 to a county sheriff of a county with a population of less than 500,000 but more than 300,000; and c) remaining monies for GIITEM related agreements or contracts with a city, town, county or other entity. Details matching funds requirements regarding GIITEM related service agreements or contracts. Exempts certain counties based on population thresholds from the matching funds requirement and excludes a county official based on specified population from receiving GIITEM Funds. Specifies annual compliance requirements for law enforcement agencies to receive GIITEM Fund monies and details DPS reporting requirements regarding GIITEM Fund expenditures.

Expands the Public Safety Equipment Fund distribution list to include vehicles. Reduces, as session law, DNA Identification System Fund appropriations from \$3,520,00 to \$980,000. Suspends, as session law, the statutory caps and transfers that govern the level of Highway User Revenue Fund monies and State Highway Fund monies available to fund DPS Highway Patrol costs.

Courts – Specifies that the designated post of duty for a justice of the Arizona Supreme Court who resides outside of Maricopa County is the justice’s place of physical residence at the time of appointment. Repeals A.R.S. § 12-270, relating to probation revocation and crime reduction performance funding.

Suspends, as session law, the following: a) various court reporting requirements; b) county non-supplanting requirements related to funding for probation services, criminal case processing and alternative dispute resolution programs and specifies reporting requirements for identifying decreases in county funding; and c) certain reimbursement requirements to counties for state funded representation of indigent defendants in capital postconviction relief proceedings and for grand jury expenses.

Miscellaneous – Continues, as session law, the requirement that Board of Executive Clemency members serve on a part-time basis and work no more than 30 hours per week without paid leave or state employee benefits. Exempts the State Capital Post Conviction Public Defender Office from the Attorney General Legal Services Cost Allocation Fund pro rata charge. Requires, in a county with a population of less than 1.5 million, the state to pay 19.25 percent of justice of the peace compensation and employee related expenditures.

**See S.B. 1398 for amendments to this section.*

~~general government; 2011-2012; budget reconciliation~~ (NOW: budget reconciliation; general government; 2011-2012) (S.B. 1622) – Chapter 34

Makes necessary statutory and session law changes relating to general government to reconcile the FY 2012 state budget.

Appropriates \$90,000 and 1 FTE from the state General Fund (GF) to the Department of Emergency Affairs and \$85,000 to the Attorney General’s Office. Continues the Department of Housing until July 1, 2012. Establishes the Office of Employment and Population Statistics within the Department of Administration and limits, in FY 2012, the aggregate amount of all liabilities incurred during a declaration of emergency to \$2,900,000.

~~regulation; 2011-2012; budget reconciliation~~ (NOW: budget reconciliation; regulation; 2011-2012) (S.B. 1623) – Chapter 35

Arizona Department of Racing (ADR)* – As permanent law, requires the ADR and the Arizona Boxing and Mixed Martial Arts Commission to establish fees for their respective licenses, as well as specific regulatory assessments. Contains a legislative intent clause that limits the revenues brought in by these fees and assessments to \$1,042,000 in FY 2012 and \$2,062,000 in FY 2013. As permanent law, creates the Racing Regulation Fund (Fund). Directs revenues derived from permittees, permits, licenses and assessments to be deposited into the Fund. Monies in the Fund are subject to legislative appropriation.

Arizona Department of Insurance (DOI) – As session law, conditions appropriations from the state General Fund to the Arizona Property and Casualty Insurance Guaranty Fund and the Life and Disability Insurance Guaranty Fund on transfers that were directed in prior law. Suspends the requirement that DOI recover a specific amount of their appropriated budget.

Miscellaneous – As session law, allows 14 percent of the Residential Contractors' Recovery Fund's prior fiscal year revenues to be used for operational and administrative purposes. Requires the Office of Administrative Hearings to hold hearings for appealable agency actions and contested cases as soon as reasonably possible, instead of within the statutory 60 day time limit.

**See H.B. 2314 for amendments to this section.*

~~environment; 2011-2012; budget reconciliation~~ (NOW: budget reconciliation; environment; 2011-2012) (S.B. 1624) – Chapter 36

Arizona Department of Agriculture (ADA) – Allows the ADA Director to continue charging existing fee amounts so long as the fees do not generate more than the following amounts: a) \$218,000 to the state General Fund; b) \$113,000 to the Pesticide Fund; and c) \$26,000 to the Dangerous Plants, Pests and Diseases Fund. Exempts ADA from rulemaking requirements for the purpose of establishing fees until July 1, 2012.

Arizona Department of Environmental Quality (ADEQ) – Caps the annual transfer to the Water Quality Assurance Fund at \$7,000,000 in FY 2012 and authorizes ADEQ to transfer \$6,531,000 from the State Assurance Fund for administrative costs associated with specified programs.

Arizona Department of Water Resources (ADWR) – Authorizes ADWR to assess and collect a municipality water fee that is proportionately based on population and deposited into the Water Resources Fund. Continues the ADWR Director's authority to increase fees in FY 2012 and exempts ADWR from rulemaking requirements until July 1, 2012 in order to establish those fees. Contains a legislative intent clause that limits additional revenues generated by fees to \$7,000,000. Suspends funding of the Arizona Water Protection Fund in FY 2012.

Arizona State Land Department – Allows \$9,888,400 from the Arizona Department of Administration's (ADOA) Risk Management Revolving Fund to be used by the Land Department in FY 2012 for operating expenses in the event a court order prohibits a portion of land sales from being used to fund the department.

Arizona State Parks Board (Board) – Authorizes the use of State Parks Enhancement Fund monies for park operations or authorized capital needs in FY 2012. Allows the Board to use appropriated monies in excess of \$750,000 in the Law Enforcement and Boating Safety Fund (LEBSF) for park operations, but specifies the first \$750,000 in LEBSF monies must be granted to La Paz, Mohave and Yuma counties. The Board may also spend up to \$692,100 from its portion of the Off-Highway Vehicle Recreation Fund in FY 2012 for operating expenses.

Miscellaneous – Allows \$80,000 from ADOA’s Risk Management Revolving Fund to be used by the Arizona Navigable Stream Adjudication Commission in FY 2012 to pay one-time, unpaid obligations relating to legal fees.

JLBC; JCCR; reports. (H.B. 2016) – Chapter 83

Eliminates out-of-date statutory references and obsolete reporting requirements and consolidates reporting dates to the Joint Legislative Budget Committee and the Joint Committee on Capital Review.

~~privatization; correctional health services~~ (NOW: ~~privatization; correctional health services~~) (H.B. 2154) – Chapter 278 E

An emergency measure, effective April 27, 2011, requiring the Arizona Department of Corrections (ADC) to issue a Request for Information (RFI) for the privatization of all correctional health services that are provided in a state owned and operated facility within 30 days of the effective date of this act. ADC is to inform the Joint Legislative Budget Committee in executive session of any information submitted pursuant to the RFI, and issue a Request for Proposal to privatize within 90 days after JLBC review. A contract is to be awarded to the best qualified bidder and shall include the following terms:

- a) ADC or its contractor is not to reimburse or pay for services at a rate that exceeds reimbursement methodologies adopted by the Arizona Health Care Cost Containment System, and that are in effect at the time of service delivery; and
- b) the initial contract is for three years with an option to renew for two additional one-year terms.

This law replaces the requirement that ADC award a contract for correctional health services as outlined under Laws 2009, Third Special Session, Chapter 6.

tobacco revenues; tracking commission (H.B. 2158) – Chapter 255

Establishes guidelines and appointment requirements for the Tobacco Revenue Use Spending and Tracking Commission.

separate funds; donations; transfer prohibited (H.B. 2227) – Chapter 194

Establishes that any monies received by a state agency or institution as a gift, devise or donation are not considered a part of the state General Fund (GF) and are not transferred to the state GF unless the gift, devise or donation specifically authorizes a general state use for the monies.

~~lake improvement; boating safety; funds.~~ (NOW: boating safety; fees; fund) (H.B. 2314) – Chapter 333

Law Enforcement Boating Safety Fund (LEBSF) – Effective July 1, 2012, transfers administrative responsibilities of the LEBSF from the State Parks to the State Treasurer (Treasurer), and replaces the Arizona Outdoor Recreation Coordinating Commission as the granting agency for the fund with the Game and Fish Commission (G&F Commission).

The G&F Commission annually develops a funding formula and the Treasurer distributes the LEBSF monies based on that formula to qualifying counties. The bill stipulates that only a Board of Supervisors of a county that has a law enforcement and boating program that was established prior to July 1, 1990 is eligible to receive LEBSF monies.

Arizona Department of Racing (Department) – Increases the amounts that the Department is able to generate on any fee increases, as authorized by the FY 2012 state budget (S.B. 1624) by \$400,000 in FY 2012 and \$500,000 in FY 2013. Appropriates \$400,000 in FY 2012 from the Racing Regulation Fund to the Department to meet general operating expenditures.

State Agency Fee Commission (Fee Commission) – Establishes the Fee Commission in permanent statute to review the process by which state agencies establish fees. The Fee Commission is to submit its first annual report to the Governor, the President of the Senate and the Speaker of the House of Representatives by December 31, 2011.

Indian affairs commission; fund (H.B. 2316) – Chapter 110

Makes changes to the membership of the Arizona Commission of Indian Affairs (ACIA) and removes the limit on the number of names a tribe or tribal council may submit to be considered for ACIA appointments. Allows an ACIA member to be removed at the request of a tribe or tribal council if the member was previously nominated by that tribe or tribal council. Finally, it removes the \$15,000 limit on allowable ACIA expenditures from the Indian Town Hall Fund per fiscal year to defer associated expenses.

~~residential contractors' recovery fund~~ (NOW: taxes; aircraft; personal property) (H.B. 2341) – Chapter 300

Exempts aircraft, navigational and communication instruments and other accessories and related equipment sold to foreign governments and used within Arizona from the state's TPT and use tax.

probate; wards; rights (H.B. 2424) – Chapter 285

Establishes the Probate Advisory Panel (Panel), consisting of family members of wards, fiduciaries, an attorney, a judicial officer and a clerk of the superior court. The Panel must meet at least once a year and submit a report regarding improvements that may be made to guardianship and conservatorship statutes. The Panel is repealed July 1, 2016.

JLBC; annual report; debt (H.B. 2462) – Chapter 130

Requires the Joint Legislative Budget Committee (JLBC) staff to present an annual report on state debt and obligations to the Appropriations Committees of the Senate and House of Representatives and provide the report to the public. Outlines the types of debt on which the JLBC is to report and how that data is presented, including the requirement that the report be posted on the JLBC website with a link to the searchable database provided by the Arizona Department of Revenue (ADOR). Requires state government to report on statewide debt to ADOR for its inclusion in ADOR's searchable database.

JTEDs; adult students (H.B. 2646) – Chapter 203

Permits Joint Technical Education Districts (JTEDs) to enroll adults over the age of 22 as students on central campuses during school hours if vacant seats that have not been filled by traditional students are available. Stipulates that adult students cannot enroll in massage therapy classes or gain college credit for their participation in vocational courses. Requires JTEDs to notify parents of students under the age of 18 of the presence of adult students in their children's class. Requires adult students to obtain fingerprint clearance cards at their own cost prior to enrollment.

appropriations; named claimants (H.B. 2652) – Chapter 120

Effective April 14, 2011, H.B. 2652 is the annual general relief bill for named claimants. It appropriates \$68,687.30 to the Arizona Department of Administration for payment of various claims made against state agencies. Of that amount, \$47,278.86 is from the state General Fund and \$21,408.44 comes from other appropriated funds.

LEGISLATION VETOED

WICHE student loans; repayment (S.B. 1386) – VETOED

Requires a student entering into a contract with the Western Interstate Commission for Higher Education board to repay all sums of monies, instead of 50 percent, expended by the state, with interest at a board-established rate, if they fail to meet their contract requirements. Extends the time of the payment period from 15 years to 25 years.

In her veto letter the Governor states that while she supports the requirement that graduates who fail to meet their contract obligations repay the full amount of state support, she does not support the extension of the repayment to 25 years. She indicates that other states have much shorter repayment periods and may even include fiscal penalties for non-payment.

joint powers exercise; separate entities (S.B. 1497) – VETOED

Confers the Arizona constitutional and statutory rights of public agencies to the legal entities created through intergovernmental agreements and specifies that special legal entities have common governmental and proprietary powers of the contracting parties specified in the agreement establishing the entity.

In her veto message the Governor indicates that she supports creative and innovative efforts to expand the reach of higher education to rural areas but that it is unclear how S.B. 1497 accomplishes this.

legislative appropriations; federal monies. (S.B. 1561) – VETOED

Authorizes the Arizona State Legislature to appropriate non-custodial federal monies and outlines provisions for the disbursement of the monies under certain conditions.

The Governor indicates in her veto message that the disposition of federal funds is traditionally and constitutionally held by the Executive Branch. Any limitation or changes in that authority should be considered within the overall balance of power between the three branches of government.

~~municipal tax exemption; commercial lease~~ (NOW: 911 monument modification) (H.B. 2230) – VETOED

Requires the Arizona Department of Administration (ADOA) to remove existing panels from the Arizona 9/11 Commemorative Monument (Monument) that contain specified phrases and reconstruct the Monument with any additional panels necessary to contain the remaining phrases. ADOA is to sell the panels containing the specified phrases to a scrap metal dealer or other person in the business of recycling scrap metal, and deposit the monies into the newly established State Monument and Memorial Repair Fund (Fund). Requires that any private grants, gifts or contributions accepted by ADOA for the purpose of modifying the Monument be deposited into the Fund and allocated for the benefit of the Monument.

The Governor indicates in her veto message that the removal of Balbir Singh Sodhi's name from the 9/11 Memorial would have been a mistake with ramifications for the Sodhi family and the entire Sikh community in Arizona. The Governor also indicates that any further alterations to the 9/11 Memorial or any other state monument should be vetted through the Legislative Governmental Mall Commission.

legislative appropriations; federal monies (H.B. 2577) – VETOED

Authorizes the Arizona State Legislature to appropriate non-custodial federal monies and outlines provisions for the disbursement of the monies under certain conditions.

The Governor indicates in her veto message that the disposition of federal funds is traditionally and constitutionally held by the Executive Branch. Any limitation or changes in that authority should be considered within the overall balance of power between the three branches of government.

general fund revenue limit (H.B. 2707) – VETOED

Establishes a state General Fund (GF) revenue limit and outlines spending guidelines for the growth and reductions in revenues. Stipulates that for FY 2013 and each year after, the maximum amount of budgeted GF revenues is not to exceed the maximum amount of budgeted or actual state GF revenues, in the second preceding fiscal year, whichever is less. These limits are adjusted for population and inflation. Outlines the disposition of any excess revenues under the established limit.

In her veto message, the Governor states that the spending limit as defined in H.B. 2707 is too restrictive. The Governor maintains that unreasonable limits will be suspended or repealed and become irrelevant. She elaborates that she is in support of an effective spending limit that eliminates the state's ability to spend one-time revenues, but allows future Legislatures and Governors to manage normal revenue growth.

FIRST SPECIAL SESSION

LEGISLATION ENACTED

AHCCCS; waiver request (S.B. 1001) – Chapter 1 E (First Special Session)

An emergency measure, effective January 21, 2011, that requires the Arizona Health Care Cost Containment System (AHCCCS) Administration to apply to the Secretary of the United States Department of Health and Human Services (Secretary) for a waiver from the maintenance of eligibility requirements of the Social Security Act, as amended by the Patient Protection and Affordable Care Act (ACA). Directs the waiver to seek approval to reduce eligibility requirements for certain populations, including expansion populations and the Transitional Medical Assistance Program, that were considered optional under Title XIX of the Social Security Act before passage of the ACA. Specifies the waiver shall be effective through January 1, 2014.

On approval of the waiver request, requires the AHCCCS Administration to adopt rules regarding standards, methods and procedures for determining eligibility necessary to implement a program within the monies available from the following funding sources: a) the Arizona Tobacco Litigation Settlement Fund; b) the Proposition 204 Protection Account; and c) any other legislative appropriation and federal monies made available for the support of the program. To the extent that monies from these funding sources are insufficient to fund all existing programs, authorizes the AHCCCS Administration, subject to approval by the Secretary, to suspend any programs or eligibility.

Exempts the AHCCCS Administration from rulemaking requirements for two years after the effective date for the purposes of this legislation.