

COMMITTEE ON APPROPRIATIONS

Representative John Kavanagh, Chairman
 Representative Justin Olson, Vice-Chairman
 Mike Huckins, Legislative Research Analyst
 Paul Benny, Assistant Research Analyst



* Strike-Everything Amendment
 [E] Emergency Clause
 [P 105] Proposition 105 Clause
 [P 108] Proposition 108 Clause
 [LIV] Line Item Veto

Bill	Chapter	Short Title	Page
HB 2071	265	*resisting arrest; classification..... <i>(See Committee on Military Affairs and Public Safety)</i>	81
HB 2340	238	legislative consideration; trust funds; requirements.....	3
HB 2567	244	budget planning; revenue; expenditure estimates	3
HB 2862	108	supplemental appropriation; independent redistricting commission	3
SB 1153	345	*rental cars; liability insurance; subrogation	21
		<i>(See Committee on Banking and Insurance)</i>	
SB 1154	139	[E] *condominium recovery fund; repeal	3
SB 1233	248	agricultural trust funds.....	3
SB 1274	291	appropriations; named claimants	3
SB 1480	263	*maintenance records; taxis and limousines	57
		<i>(See Committee on Government)</i>	
SB 1523	294	general appropriations; 2012-2013	3
SB 1524	295	capital outlay; 2012-2013.....	3
SB 1525	296	state budget procedures; 2012-2013.	4
SB 1526	297	revenue; budget reconciliation; 2012-2013.....	4
SB 1527	298	government budget reconciliation; 2012-2013.....	5
SB 1528	299	health; welfare; budget reconciliation; 2012-2013.	5
SB 1529	300	K-12 education; budget reconciliation; 2012-2013.	8
SB 1530	301	higher education; budget reconciliation; 2012-2013.....	9
SB 1531	302	criminal justice; budget reconciliation; 2012-2013.....	10
SB 1532	303	environment; budget reconciliation; 2012-2013.....	11

HB 2340 – Chapter 238 – legislative consideration; trust funds; requirements

Requires that for a statutory fund to be turned into a trust fund it must be affirmed by the standing committee considering the reclassification that the fund meets certain criteria.

HB 2567 – Chapter 244 – budget planning; revenue; expenditure estimates

Requires the General Appropriations Act to include a three year estimate of revenues and expenses based on existing statutory funding requirements.

HB 2862 – Chapter 108 – supplemental appropriation; independent redistricting commission

Appropriates \$700,000 from the GF in FY 2011-12 to the AIRC for operating expenses. Directs the OAG and ADOA to report on specified AIRC expenditures.

SB 1154 – Chapter 139 [E] – *condominium recovery fund; repeal

Repeals the Condominium Recovery Fund.

SB 1233 – Chapter 248 – agricultural trust funds

Repeals session law that would revert various funds to non-trust fund status on January 1, 2013, thereby permanently retaining all trust language, non-appropriated and non-lapsing status.

SB 1274 – Chapter 291 – appropriations; named claimants

Appropriates \$198,343.16 from the GF to ADOA for the payment of outstanding claims made against certain state agencies.

SB 1523 – Chapter 294 – general appropriations; 2012-2013.

Makes GF and OF appropriations and transfers for FY 2012-13 for the operation of state government as well as various budget revisions and supplemental appropriations for FY 2011-12.

SB 1524 – Chapter 295 – capital outlay; 2012-2013.

Appropriates funds for FY 2012-13 to applicable agencies for the maintenance, repair, building renewal, and preventative maintenance of state buildings.

Building Renewal

- Appropriates the following amounts for major maintenance and repair activities for state buildings in FY 2012-13:
 - **ADOA:** \$10,372,600 from the COSF
 - **ADOT:** \$1,000,000 from the SHF and \$50,000 from the State Aviation Fund
 - **ASLC:** \$85,200 from the Arizona State Lottery Fund
 - **G&F:** \$523,300 from the G&F Fund
- Appropriates the following amount for building renewal projects for state buildings in FY 2011-12:
 - **ADC:** \$4,630,500 from the ADC Building Renewal Fund

Capital Projects

Department	Project	Fund Sources	Amount
ADOA	Lottery commission fire alarm replacement	Arizona State Lottery Fund	\$156,300
Total (ADOA)			\$156,300
G&F	Statewide Preventative Maintenance	G&F Fund	\$30,000
	Property Maintenance	G&F Capital Improvement Fund	\$500,000
	Dam Maintenance	G&F Capital Improvement Fund	\$500,000
Total (G&F)			\$1,030,000
ADOT	Statewide Highway Construction	SHF	\$224,807,000
	Airport Planning and Development	State Aviation Fund	\$21,924,900
Total (ADOT)			\$246,731,900

- Appropriates \$20 million in FY 2012-13 and \$30 million in FY 2013-14 to ADOA from the GF for 500 maximum security beds.

SB 1525 – Chapter 296 – state budget procedures: 2012-2013.

Makes statutory and session law changes related to the budget procedures in order to implement the FY 2012-13 state budget.

- Modifies COSF rental rates per square foot for state-owned buildings for FY 2012-13.
- States that the rental rate charged for occupying state-owned buildings shall be the same as the amount included in a state agency's FY 2012-13 annual operating budget.
- Stipulates that the rental rates be converted to rentable square feet from usable square feet provided that there is no GF impact.
- States that JLBC is responsible for the allocation of space, operation, alteration, renovation, and control of its building.
- Repeals the FY 2011-12 session law requiring that any unexpended non-lapsing GF monies at the close of FY 2011-12 be counted as part of the GF balance. Applies retroactively to June 29, 2012.
- Requires all state agencies, unless exempted, to submit a five-year strategic plan to the Governor for FY 2013-14. The Governor's Office may determine the plan's contents.
- Adds specific buildings to ADOA's authority, thereby exempting ASDB and the Arizona Historical Society's Papago Park Museum from paying COSF rent.

SB 1526 – Chapter 297 – revenue; budget reconciliation: 2012-2013.

Makes statutory and session law changes related to state revenues in order to implement the FY 2012-13 state budget.

- Requires an equivalent transfer of State Lottery Fund monies be made to the GF prior to the annual \$3,500,000 transfer of Fund monies to the Arizona Competes Fund.
- Allows the ROC to expend 14% of the monies deposited in the Residential Contractor's Recovery Fund in the prior FY for specific purposes.
- Prohibits the director of DOI from revising fees or assessments in FY 2012-13 in order to meet the statutory requirement that DOI recover between 95% and 110% of its appropriated budget.
- Authorizes the following agencies to increase fees in FY 2012-13 for services provided and specifies legislative intent that those fees not exceed the corresponding amounts listed:
 - Office of Pest Management - \$525,000
 - Radiation Regulatory Agency - \$561,000
- Allows ADR to deposit grants or donations received in the Racing Regulation Fund and provides an exemption from rule making requirements in FY 2012-13.
- Repeals the AOT's funding formula (indefinitely suspended since FY 2010-11) and provides for legislatively appropriated GF support to the Tourism Fund.
- Exempts DRE from rule making requirements and allows the Real Estate Commissioner to set by rule and charge certain non-refundable fees.
- Specifies that the Legislature is not required to appropriate to, nor transfer monies from, the Budget Stabilization Fund between FYs 2012-13 and 2014-15.

SB 1527 – Chapter 298 – government budget reconciliation; 2012-2013.

Makes statutory and session law changes related to general government in order to implement the FY 2012-13 state budget.

Automation Projects Fund (AP Fund); Establishment; Purpose

- Establishes the AP Fund and states that monies in the AP Fund must be used for the implementation, upgrading, or maintenance of automation and information technology projects for any state agency. Requires JLBC to review the expenditure plan presented by ADOA for the FY in which the monies are to be spent, before the expenditure of any monies from the AP Fund.

Governor's Emergency Fund

- States that the aggregate amount of all liabilities incurred during a declaration of an emergency shall not exceed \$2,900,000 in FY 2012-13. The current statutory limit is \$4,000,000, resulting in a decrease of \$1,100,000.

OAH

- Requires OAH to hold hearings for appealable agency actions and contested cases as soon as reasonably possible after a notice of appeal is filed or a request for a hearing is made.

SB 1528 – Chapter 299 – health; welfare; budget reconciliation; 2012-2013.

Makes statutory and session law changes related to health and welfare in order to implement the FY 2012-13 state budget.

ADOA

- Stipulates for FY 2012-13, prior to self-insuring a dental plan, ADOA must submit a plan for dental self-insurance to JLBC that includes an analysis of the costs and

benefits associated with switching to self-insurance compared to other insurance options.

DES

- Provides that for FY 2012-13, DES may reduce income eligibility levels for child care assistance, to manage within appropriated and available monies, and DES must notify JLBC of any changes in income eligibility levels within 15 days after implementing the change.
- States for FY 2012-13, DES must screen and test each adult recipient eligible for temporary assistance for needy family's cash benefits that DES has reasonable cause to believe engages in the use of controlled substances. Any recipient who tests positive for a controlled substance that is not prescribed by a health care provider is not eligible to receive benefits for a period of one year.
- Permits DES to use monies in the long-term care system fund for any operational or programmatic expenses in FY 2012-13.

AHCCCS

- Allows the director of AHCCCS to set the fee for the second newborn screening specimen and hearing test.
- Sets the AHCCCS reimbursement rate for ambulance service providers at 68.59% of the amounts prescribed by DHS beginning October 1, 2012 through September 30, 2013.
- Eliminates the requirements that AHCCCS reimburse ambulance providers in proportion to DHS set rates.
- Provides that any rules adopted by AHCCCS to implement changes pursuant to statute must remain in effect through December 31, 2013 and after December 31, 2012, AHCCCS must obtain specific statutory authority to continue any changes made pursuant to statute.
- Provides that, for the contract year beginning October 1, 2012, AHCCCS may elect not to adjust the outpatient hospital fee schedule rates by any inflation index.
- Allows AHCCCS, for rates effective October 1, 2012 through September 30, 2013, to continue the 5% reduction in payments for institutional and non-institutional services that was in effect on October 1, 2011.
- Permits AHCCCS to apply for and receive from CMS additional federal participation monies for trauma centers, emergency departments, and rural hospitals until January 1, 2014 and exempts AHCCCS from the rule making requirement for this purpose until October 1, 2012.
- Requires AHCCCS to monitor contractor compliance and performance requirements in the provision of covered dental services.
- States it is the intent of the Legislature that AHCCCS revise its rules to eliminate automatic adjustments to outpatient hospital fee schedule rates by any inflation index and that the capitation rate increase not exceed 3% in FYs 2012-13 and 2014-15.
- Allows AHCCCS to continue the risk contingency rate setting, at funding levels that were imposed for the contract year beginning October 1, 2010, for all managed care organizations for the contract year beginning October 1, 2012 and ending September 30, 2013.

Counties

- Specifies that if the overall cost for the ALTCS line item exceeds the amount in the General Appropriations Act for FY 2012-13, the AST must collect from the counties the difference of the amount specified and the counties' share of the state's actual contribution.
- Requires AHCCCS to transfer to the counties such portion as may be necessary to comply with the Patient Protection and Affordable Care Act regarding the counties' proportional share of the state's contribution on or before December 31, 2013 for FY 2012-13.
- Sets the County Acute Care Contributions for FY 2012-13 at \$48,225,500 and states it is the intent of the Legislature that the Maricopa County contribution be reduced to reflect changes in the GDP price deflator.
- Sets the amount of \$2,646,200 to be collected from the counties, other than Maricopa, for the County Acute Care Contribution for hospitalization and medical care services administered by AHCCCS. Specifies that the county contributions are excluded from the county expenditure limitations.

Erroneous Payments

- Allows AHCCCS to participate in any Special Disability Workload 1115 Demonstration Waiver offered by CMS and any credits are to be used in the FY when the credits are made available to fund the state share of any medical assistance expenditures that qualify for federal financial participation under the Medicaid program. AHCCCS must report the receipt of any credits to the director of JLBC by December 31, 2012 and June 30, 2013.
- States it is the intent of the Legislature that AHCCCS comply with the Federal False Claims Act and maximize savings in AHCCCS's programs.

Hospitals

- Establishes disproportionate share payments (DSH) for FY 2012-13.
- States for FY 2011-12, the DSH payment attributed to the Maricopa County Special Health Care District must not exceed \$89,877,700 and provides that the section relating to the FY 2011-12 DSH payments is retroactive from and after May 31, 2012.
- States that the DSH payments for FY 2012-13 attributed to the Maricopa County Special Health Care District must not exceed \$89,877,700.

Reconciliation Payments

- Specifies that when monies are appropriated to AHCCCS and the program or purpose is subject to reimbursement for reconciliation payments from or penalties against program contractors or health plans, AHCCCS must deposit the monies in the GF or the fund from which the appropriation was originally made, such a payment or penalty may not be credited against future payments to the program contractor or health plan.

DHS

- States that on or before August 1, 2012, the directors of JLBC and OSPB must agree to the content of the report on Medicaid and non-Medicaid behavioral health expenditures. Beginning October 1, 2013, DHS must report annually to JLBC on each FY's Medicaid and non-Medicaid behavioral health expenditures.

- Requires a city or county to reimburse DHS for 100% of the costs of inpatient competency restoration treatment for FY 2012-13 and county contributions are excluded from the county expenditure limitations.
- Requires a county to reimburse DHS 50% of the costs related to treatment for an individual deemed to be sexually violent and county contributions are excluded from the county expenditure limitation.
- Specifies that when monies are appropriated to DHS and the program or purpose is subject to reimbursement for reconciliation payments from or penalties against program contractors or health plans, DHS must deposit the monies in the GF or the fund from which the appropriation was originally made, such a payment or penalty may not be credited against future payments to the program contractor or health plan.
- Allows DHS to use monies in the health research account for preventing and treating tobacco-related diseases and addiction, in an amount specified in the General Appropriations Act, for Alzheimer's disease research.
- Specifies, in relation to the Well Woman HealthCheck Program, that an eligible person includes an individual who has been screened for breast and cervical cancer by a provider or entity recognized by the program administered by DHS and has an income that is at or below 250% of the FPL.

SB 1529 – Chapter 300 – K-12 education; budget reconciliation; 2012-2013.

Makes statutory and session law changes related to K-12 education in order to implement the FY 2012-13 state budget.

School Funding Formulas

- As permanent law, specifies the per-pupil base level amount for school districts and charter schools for FY 2012-13 is \$3,267.72. *This amount remains unchanged since FY 2009-10.*
- As permanent law, increases the school district Transportation Support Level per route mile formula for FY 2012-13 by 2%.
- Reduces the school district Soft Capital Allocation funding formula and corresponding budget limits for FY 2012-13 by \$158.1 million.
- Requires a proportionate reduction in Soft Capital Allocation and budget limits for school districts not eligible to receive Basic State Aid.
- Reduces the school district CORL funding formula and corresponding budget limits for FY 2012-13 by \$80.9 million.
- Requires a proportionate reduction in CORL funding and budget limits for school districts not eligible to receive Basic State Aid.
- Caps the sum of Soft Capital and CORL reductions for school districts with a student count of less than 1,100 students at \$5 million.

Charter School Additional Assistance

- As permanent law, increases the charter school Additional Assistance per-pupil amount for FY 2012-13 by 2% as follows:
 - For students in grades K-8, from \$1,621.97 to \$1,654.41.
 - For students in grades 9-12, from \$1,890.38 to \$1,928.19.

- Directs ADE to reduce the charter school Additional Assistance for FY 2012-13 by the amount identified in the General Appropriations Act. *The General Appropriations Act reduces charter school Additional Assistance by a total of \$17.7 M, which remains unchanged since FY 2011-12.*

K-3 Reading Program

- Requires SBE, in collaboration with ADE, to establish a K-3 reading program to improve students' reading proficiency.
- Directs each school district and charter school to submit to SBE a plan for improving students' reading proficiency by October 1, 2012, and include baseline data on the proficiency of its K-3 students and a budget for spending monies from both the K-3 support level weight and the K-3 reading support level weight.
- Specifies that monies generated by the K-3 reading support level weight can only be used on reading programs for K-3 students, with particular emphasis on K-2 students.
- Stipulates that each "C", "D", or "F" school or each school with 10% of its students in 3rd grade falling far below the 3rd grade reading level on AIMS shall receive monies generated by the K-3 reading support level weight after its K-3 reading program plan has been approved by SBE.
- Directs ADE to solicit gifts, grants, and donations in order to provide additional funding for the K-3 reading program.

JTEDs

- Funds JTEDs at 91% of state aid that would otherwise be provided by law for FY 2012-13. *This provision is a continuation of current policy.*
- As permanent law, allows JTEDs to fund 8th grade students with monies generated by the five cent property tax.

SFB

- As permanent law, includes district-owned space that is leased to another entity, including a district-sponsored charter school, in the total square footage used when calculating whether a school district has a space deficiency and if it qualifies for New School Facilities Fund monies.
- As permanent law, prohibits a school district from using Building Renewal Grant Fund monies on any project in a building, or part of a building, that is being leased to another entity, including a district-sponsored charter school.

The following provisions are a continuation of current policies enacted since FY 2008-09:

- Prohibits SFB from authorizing or awarding funding for the design or construction of any new school facility or for school site acquisitions for FY 2012-13.
- Contains legislative intent to evaluate long-term funding for new school facilities on review of additional demographic data and other information submitted by school districts during the capital review process.

Early Graduation Scholarship Program (EGSP)

The following provisions are a continuation of current policies enacted since FY 2009-10:

- Prohibits the student count and per-pupil funding of a school district or charter school from being adjusted under the EGSP in FY 2012-13 for students who graduate high school early.

- Prohibits ADE from transferring any monies to the Commission for Postsecondary Education for EGSP in FY 2012-13.
- Prohibits new participants in EGSP and, if sufficient monies are available, continues to fund students admitted to EGSP before July 1, 2009.

Education Learning and Accountability (ELA) Fund

- Continues to require community colleges and universities to transfer \$6 per student to ADE by December 1, 2012 for deposit in the ELA Fund.
- Makes the ELA Fund subject to appropriation for non-state GF monies only.
- Creates two subaccounts within the ELA Fund for the deposit of fees collected from universities and community colleges and for appropriations from the GF.

SB 1530 – Chapter 301 – higher education; budget reconciliation; 2012-2013.

Makes statutory and session law changes related to postsecondary education in order to implement the FY 2012-13 state budget.

Community Colleges

- Suspends the community college capital outlay aid formula for FY 2012-13. *This provision is a continuation of current policies enacted since FY 2008-09.*
- Eliminates the requirement that community college districts request one-fourth of their annual appropriation each quarter.
- Allows a provisional community college district to receive Proposition 301 Workforce Development monies directly.
- Limits the distribution of TPT revenues to tribal community colleges that enter into an initial compact with the state by September 1, 2012.

Universities

- Requires ABOR, in collaboration with the universities, to adopt a performance funding model by July 1, 2012 that must use performance metrics that include the increase in degrees awarded, the increase in completed student credit hours, and the increase in externally generated research and public service funding.
- Permits the funding formula to give added weight to science, technology, engineering, and mathematics degrees and other high-value degrees that are in short supply or that are essential to Arizona's long-term economic development strategy.
- Directs ABOR to use the performance funding model in developing and submitting budget requests for the universities.

Board of Medical Student Loans

- Transfers administration of the Medical Student Loan Fund to DHS and specifies that monies in the Fund are for use by the Primary Care Provider Loan Repayment Program.

SB 1531 – Chapter 302 – criminal justice; budget reconciliation; 2012-2013.

Makes statutory and session law changes related to the criminal justice in order to implement the FY 2012-13 state budget.

AG's Office

- Redesignates the AG's pro rata share percentage payment as the legal services cost allocation payment and makes modifications in how payments are allocated.

- Continues to raise the non-lapsing cap for the Collections Enforcement Fund from \$100,000 to \$500,000.

Capital Postconviction Public Defender Office (SCPPD)

- Eliminates the SCPPD and removes it from the recipients of funds from the Public Defender Training Fund. Additionally removes the mandate that the court appoint counsel from the SCPPD for a defendant whose conviction and sentence in a capital case has been affirmed.

ADC

- Eliminates the requirement for a quality and cost review of private prison contracts.
- Repeals the requirement scheduled to begin in July 2012 that counties pay for the incarceration of prisoners sentenced to less than one year at ADC or incarcerate them in county facilities.
- Merges the Transition Services Fund into the Transition Program Fund.
- Specifies that the director of ADC administers the ADC Building Renewal Fund.
- Requires ADC to award a contract by September 1, 2012, for 500 new beds at male medium security private prisons on January 1, 2014 and up to 500 additional beds on January 1, 2015 pursuant to the RFP dated February 2, 2012 for up to 2,000 beds.
- Conditions ADC's ability to enter into a contract for the remaining beds on specific legislative authorization.
- Requires ADC to report the specified expenditures as delineated in the prior year when ADC submits its FY 2013-14 budget request pursuant to statute.

BEC

- Specifies that members of the BEC, excluding the chairman, are paid on an hourly basis and restricts them from being eligible for paid leave or any other benefits provided to state employees.

Judiciary

- Continues to suspend county non-supplanting requirements related to funding for probation services, criminal case processing, and alternative dispute resolution programs and requires counties to report on reductions in county funding as a result of the elimination of non-supplanting provisions.
- Continues to suspend the requirement of 50% reimbursement to counties for grand jury expenses and for state-funded representation of indigent defendants in first-time capital conviction relief proceedings and reimburse only the amount provided in the General Appropriations Act.
- Continues to suspend specified judiciary reporting requirements.

DPS

- Allows monies in the Public Safety Equipment Fund from any source to be used to purchase vehicles.
- Suspends the schedule established by statute governing the level of HURF monies available to fund DPS's highway patrol costs.
- Requires that all appropriated monies in the GIITEM subaccount be distributed each FY to local entities and prohibits DPS from retaining any monies for its own use.

- Allows monies in the Crime Laboratory Operations Fund to be used for crime laboratory or other department operations.
- After July 1, 2012, deposits any monies remaining in the Photo Enforcement Fund and any new revenues in the GF.

SB 1532 – Chapter 303 – environment; budget reconciliation; 2012-2013.

Makes statutory and session law changes related to the environment in order to implement the FY 2012-13 state budget.

DEQ

- Requires the SAFC to review DEQ's vehicle emissions inspection fees and include in its annual report a recommended reduction of emissions inspection fees and any changes to the authorized uses of the Emissions Inspection Fund.
- Allows DEQ to use \$1,800,000 of Emissions Inspection Fund monies for the Safe Drinking Water Program in FY 2012-13.
- Requires DEQ to transfer all permits relating to the ownership and operation of a wastewater utility to the applicable city or town that has acquired the wastewater utility pursuant to statute.
- Suspends the Underground Storage Tank Revolving Fund Assurance Account (Account) administrative cap for FY 2012-13 in order to allow DEQ to transfer \$6,531,000 from the Account and Regulated Substance Fund for DEQ operating expenses.
- Decreases, from \$15 million to \$7 million, the GF appropriation to the Water Quality Assurance Revolving Fund.

ADAG

- Authorizes the director of ADAG, with the assistance of the Agricultural Advisory Council, to continue existing fee amounts for FY 2012-13.
- Limits the revenues generated from the fees to the following amounts:
 - \$218,000 to the GF
 - \$113,000 to the Pesticide Fund
 - \$26,000 to the Dangerous Plants, Pests, and Diseases Fund
- Exempts ADAG from rulemaking for the purpose of establishing fees until July 1, 2013.

DWR

- Allows DWR to collect up to \$100,200 from non-municipality special fee authority.
- Allows the DWR Water Protection Fund Commission to spend up to \$336,000 on administrative costs of the department in FY 2012-13.
- Repeals statute allowing the director of DWR to assess and collect a fee from municipalities.

ASPB

- Authorizes ASPB to spend up to \$692,100 from its portion of the Off-Highway Vehicle Recreation Fund in FY 2012-13 for operating expenses.
- Eliminates the State Parks Enhancement Fund, the Reservation Surcharge Revolving Fund and the Publications and Souvenir Revolving Fund, and consolidates their revenue sources into a newly appropriated State Parks Revenue Fund.

Arizona Navigable Stream Adjudication Commission (ANSAC)

- Authorizes \$80,000 from the Risk Management Revolving Fund to be used in FY 2012-13 to allow ANSAC to pay one-time unpaid legal fees.

ASLD

- Allows the State Land Commissioner, before June 30, 2013, to grant an additional extension of up to five years for certificates of purchase auctioned between January 1, 2004 and December 31, 2007 if the certificate is delinquent but not cancelled by June 1, 2012.