

## FY 2006 BUDGET RECONCILIATION BILLS (BRB)

	<u>Page</u>
CH 287 (HB2769) school facilities board; budget	401
CH 288 (HB2770) general revenues; budget	401
CH 299 (HB2771) fees for services; budget	402
CH 300 (HB2776) criminal justice; budget	402
CH 301 (HB2777) state automation; telecommunications; budget	403
CH 328 (SB1515) health and welfare; budget	403
CH 329 (SB1516) K-12 education; budget	405
CH 330 (SB1517) higher education; budget	406
CH 331 (SB1521) state budget procedures; budget	407
CH 332 (SB1522) environmental protections; budget	408
CH 333 (SB1524) Ladewig settlement payments; budget	409

## FY 2006 BUDGET RECONCILIATION BILLS (BRB)

### SCHOOL FACILITIES BOARD - CHAPTER 287 (HB 2769)

#### Section

#### **School Facilities Board**

##### *Appropriate Building Renewal and New Construction Funding*

1-5, 11

- As permanent law starting in FY 2007, require Building Renewal and New Construction funding to be appropriated by the Legislature.

##### *Building Renewal Fund Transfer*

9, 13

- As session law, transfer \$60.1 million from the Building Renewal Fund to the General Fund in FY 2006. Under current law, \$130.1 million will be automatically transferred from the General Fund to the Building Renewal Fund. This subsequent transfer back will result in a net \$70 million in the Building Renewal Fund for distribution to districts in FY 2006.

##### *Building Renewal Formula*

2,9,13

- As permanent law starting in FY 2007, change the building renewal formula to better reflect actual building system maintenance costs: 1) Limit the age of a building to 30 years; 2) Eliminate separate funding formula for portable buildings; 3) Use square foot per student requirements from minimum adequacy guidelines rather than from new construction guidelines and 4) Use "replacement cost" per square foot rather than new construction cost per square foot in the formula. **Governor Vetoed this Provision.**

##### *New School Facilities Fund Transfer*

10

- As session law, transfer \$250 million from the General Fund to the New School Facilities Fund in FY 2006. Of the total, \$4 million shall be allocated for Full-Day Kindergarten capital grants.

##### *New School Facilities Fund FY 2007 Appropriation*

8

- As session law, appropriate \$50 million to the New School Facilities Fund in FY 2007.

##### *Lease-to-Own Authority*

12, 13

- As session law, prohibit the board from entering into any lease-to-own agreements to finance new school construction costs in FY 2006. Specify that the Legislature does not intend to appropriate funding for debt service payments on any lease-to-own transactions entered into by the board in FY 2006.

##### *Delay Repeal of Deficiencies Correction Fund*

6, 7

- As permanent law, extend the Deficiencies Correction Fund through the end of FY 2006. Delay the deadline for correcting existing deficiencies to June 30, 2006 for Mesa Unified School District, Glendale Union School District, and Tucson Unified School District.

### GENERAL REVENUES - CHAPTER 288 (HB 2770)

#### Section

#### **Arizona Sports and Tourism Authority**

##### *Eliminate General Fund Backfill*

1

- As permanent law, amend statute to eliminate the provision that automatically transfers monies from the General Fund to the AZSTA when the NFL income tax is below the calculated minimum. **Governor Vetoed this Provision.**

#### **Arizona State Lottery Commission**

##### *Powerball Profit Transfer to the General Fund*

2

- As session law, require the Arizona Lottery to return 31.6% of Powerball sales and redirect deposits into the Local Transportation Assistance Fund to the General Fund in FY 2006.

#### **Other**

##### *Federal Funds*

3, 4

- As session law, require unrestricted federal funds received between May 1, 2005 and June 30, 2006 to be deposited in the General Fund for the payment of essential government services. Retroactive to April 30, 2005. **Governor Vetoed these Provisions.**

## FEES FOR SERVICES - CHAPTER 299 (HB 2771)

	<u>Section</u>
<b>Government Information Technology Agency</b>	
<i>Credit Card Transactions</i>	1
<ul style="list-style-type: none"><li>As permanent law, require state agencies to report once annually on the number of electronic transactions and the total dollar amount of any processing fee charged, deducted, or paid, in addition to existing reporting items related to credit card transactions.</li></ul>	
<b>Arizona Historical Society</b>	
<i>Fees</i>	2
<ul style="list-style-type: none"><li>As permanent law, allow agency to charge fees for services.</li></ul>	
<b>Departments of Insurance</b>	
<i>Fee Range Suspension</i>	3
<ul style="list-style-type: none"><li>As session law, continue to suspend 95%-110% fee requirement in FY 2006 and FY 2007.</li></ul>	
<b>Departments of Real Estate</b>	
<i>Fee Range Suspension</i>	4
<ul style="list-style-type: none"><li>As session law, continue to suspend 95%-110% fee requirement in FY 2006 and FY 2007.</li></ul>	

## CRIMINAL JUSTICE - CHAPTER 300 (HB 2776)

	<u>Section</u>
<b>Attorney General</b>	
<i>Collection Enforcement Revolving Fund</i>	9
<ul style="list-style-type: none"><li>As session law, continue to allow use of Collection Enforcement Revolving Fund for operating expenses in FY 2006.</li></ul>	
<i>Legal Services Cost Allocation</i>	2, 15
<ul style="list-style-type: none"><li>As permanent law, establish a pro rata charge to all non-appropriated and other appropriated funds for non-contracted Attorney General legal services. Monies will be deposited in the newly established Attorney General Legal Services Cost Allocation Fund. Implementation of charge is not effective until FY 2007.</li></ul>	
<b>Department of Corrections</b>	
<i>Continue Corrections Fund Revenues</i>	3, 4, 15
<ul style="list-style-type: none"><li>As permanent law, extend distribution of revenues from luxury taxes on alcohol and tobacco products to Corrections Fund to June 30, 2010. Distribution scheduled to expire on June 30, 2005. Retroactive to June 30, 2005.</li></ul>	
<i>FY 2005 Supplemental Appropriation</i>	14, 15
<ul style="list-style-type: none"><li>As session law, appropriates \$2 million in FY 2005 from the General Fund as a supplemental to the department for Kingman private prison per diem costs. Retroactive to March 21, 2005.</li></ul>	
<b>Judiciary</b>	
<i>Justice of the Peace Expenditure Plan Approval</i>	1
<ul style="list-style-type: none"><li>As permanent law, require each county's expenditure plan for State Aid to the Courts Fund monies to be approved and signed by an elected Justice of the Peace.</li></ul>	
<i>Maricopa County Probation</i>	
<ul style="list-style-type: none"><li>As session law, continue to suspend adult probation officer caseload ratios for Maricopa County in FY 2006.</li></ul>	5
<ul style="list-style-type: none"><li>As session law, continue to require Maricopa County to fund Adult Probation in FY 2006 without state assistance. Require Maricopa County to report on performance measures. Increase Maricopa County expenditure limit to reflect additional probation costs.</li></ul>	6, 7
<ul style="list-style-type: none"><li>As session law, allow Maricopa County to retain the revenue it collects from the \$5 probation surcharged currently assessed on civil and criminal traffic violations.</li></ul>	13

<i>Pima County Probation</i>	8
<ul style="list-style-type: none"> <li>As session law, continue provision from prior 3 years requiring Pima County to reimburse \$1,381,900 for the county share of Adult and Juvenile Probation costs in FY 2006.</li> </ul>	

**Department of Public Safety**

<i>Redirect CJEF Revenues</i>	10
<ul style="list-style-type: none"> <li>As session law, continue to redirect 9% of CJEF revenues, formerly deposited into the General Fund, to DPS to fund the department’s crime lab operations in FY 2006.</li> </ul>	

<i>HURF/State Highway Fund</i>	11
<ul style="list-style-type: none"> <li>As session law, continue to suspend the schedule established by A.R.S. § 28-6537 and A.R.S. § 28-6993 governing the level of HURF and State Highway Fund revenues available to fund DPS’ Highway Patrol costs and remove the spending cap in FY 2006.</li> </ul>	

**State Treasurer**

<i>Justice of the Peace Salaries</i>	12
<ul style="list-style-type: none"> <li>As session law, fund state share of Justice of the Peace (JP) salaries at 38.5% in FY 2006.</li> </ul>	

**STATE AUTOMATION; TELECOMMUNICATIONS - CHAPTER 30I (HB 2777)**

	<u>Section</u>
<b>Arizona Department of Administration</b>	
<i>Automation and Telecommunications Funds</i>	2, 4
<ul style="list-style-type: none"> <li>As permanent law, replace the Technology and Telecommunications Fund with an Automation Operations Fund and a Telecommunications Fund.</li> </ul>	
<i>Telecommunications Program Office</i>	1, 3
<ul style="list-style-type: none"> <li>As permanent law, establish a Telecommunications Program Office (TPO) to contract for telecommunication services and to be an intermediary between agencies and the contractor; limit the scope of TPO activities and allow TPO to recover operational costs from agencies.</li> </ul>	
<i>Contract Mandate</i>	3
<ul style="list-style-type: none"> <li>As permanent law, require all agencies to contract for telecommunications services through the TPO.</li> </ul>	
<i>Annual Consolidated Telecommunications Budget</i>	3
<ul style="list-style-type: none"> <li>As permanent law, require the department to submit an annual budget to JLBC showing statewide prior year actual payments and next year anticipated payments to the contractor.</li> </ul>	
<i>Rates and Payments</i>	3
<ul style="list-style-type: none"> <li>As permanent law, require the department to submit an initial rate structure and any future modifications for JLBC review and require agencies to pay the contractor directly for services.</li> </ul>	
<i>Non-primary Contracts</i>	3
<ul style="list-style-type: none"> <li>As permanent law, provide the TPO the ability to enter into more than one contract for non-primary contract products and services.</li> </ul>	
<i>Arizona Telecommunications System</i>	5
<ul style="list-style-type: none"> <li>As permanent law, eliminate the Arizona Telecommunications System.</li> </ul>	
<i>Transition Issues</i>	6
<ul style="list-style-type: none"> <li>As session law, distribute the Technology and Telecommunications Fund balance into the Automation Operations Fund and the Telecommunications fund.</li> </ul>	
<i>Retroactivity</i>	7
<ul style="list-style-type: none"> <li>The act is retroactive to June 30, 2005.</li> </ul>	

**HEALTH AND WELFARE - CHAPTER 328 (SB 1515)**

	<u>Section</u>
<b>AHCCCS</b>	
<i>Disproportionate Share Hospitals (DSH) Withholding</i>	15-17
<ul style="list-style-type: none"> <li>As session law, establish FY 2006 withholding amounts from counties, and adjust county expenditure limit calculations.</li> </ul>	

<i>Healthcare Group Audit</i>	
• As session law, requires the Auditor General to perform a special audit of the Healthcare Group program, including the administrative costs of the program, the adequacy of the program's financial reserves, and whether the 180 day bare provisions are being adequately enforced.	24
<i>KidsCare Parents</i>	
• As session law, continue KidsCare Parents program until June 30, 2006.	21
<i>Maricopa - Budget Neutrality Compliance Fund</i>	
• As permanent law, eliminate Maricopa County's deposit into the Budget Neutrality Compliance Fund.	1
<i>Maricopa - County Acute Care Contributions</i>	
• As session law, set the County Acute Care contribution at \$59,989,500, \$6,700,000 below FY 2005, and adjusts Maricopa County's contribution downward for inflation in FY 2007.	13
<i>Maricopa - County ALTCS Contributions</i>	
• As session law, set county ALTCS contributions for FY 2006.	22
<i>Maricopa - Disproportionate Share Uncompensated Care (DUC) Pool</i>	
• As session law, continue the use of DUC pool contributions in AHCCCS for all counties other than Maricopa.	14
<i>Outlier Reimbursement</i>	
• As session law, require AHCCCS to report to Joint Legislative Budget Committee by November 15, 2005 on outlier reimbursement methodology and data related to outlier reimbursement.	25
<i>AHCCCS - Redetermination</i>	
• As session law, shorten redetermination period to 6 months for Temporary Assistance for Needy Families Cash Benefit clients age 21 or older. Require AHCCCS to report to President of the Senate, Speaker of the House, and the Joint Legislative Budget Committee by February 10, 2006 on the results of the redetermination change.	27
<i>Rural Hospital Inpatient Reimbursement Rates</i>	
• As permanent law, require AHCCCS to distribute available monies to increase inpatient reimbursement for qualifying rural hospitals.	2
 <b>Arizona State Schools for the Deaf and the Blind</b>	
<i>Telecommunications Tax</i>	
• As permanent law, amend the percentage allocation from the Telecommunications Tax so that the Poison Control Fund receives \$400,000 in additional revenues from the ASDB share of the tax.	7
 <b>Department of Economic Security</b>	
<i>Child Care Eligibility</i>	
• As permanent law, limit child care subsidies to 5 years per child, with exemptions; limits payments to 6 children per household and requires copayments for all children; require DES to prioritize children on waitlist by income level and require DES to refer eligible families to child support enforcement and job training programs; require DES to inform participants about the earned income tax credit. Changes household income definition to include family members and cohabiting non-family members only if they claim a member of the subsidized family unit on federal or state taxes. All eligibility changes apply prospectively.	11, 12, 26
<i>Child Care Income Eligibility</i>	
• As session law, continue to permit DES to reduce income eligibility levels for all child care programs. Require report to JLBC within 15 days of change in levels.	18
<i>Community-Based Marriage Skills and Communication Program</i>	
• As permanent law, extend program's sunset date from July 1, 2005 to September 1, 2009 and remove requirement that marriage class voucher recipients be married or cohabitating. Create new Community-Based Relationship Skills High School Pilot Program. Make the Commission, not DES, approve applications for the High School Pilot Program. Prohibits the high school pilot model curricula from providing information on or promoting marriages violating A.R.S. § 25-101.	4-6
<i>Institutional Support Payments</i>	
• As permanent law, eliminate Institutional Support Payments program.	8, 9

<i>Joint Legislative Committee on Adoption Promotion</i>	
• As permanent law, establish 13-member committee on adoption promotion. Duties of the committee would include reviewing current usage of adoption promotion monies, reviewing adoption processes in order to identify obstacles, and making recommendations to the department and the Joint Legislative Budget Committee on ways to spend TANF monies designated for adoption outreach.	3
<i>Utility Assistance Fund</i>	
• As permanent law, remove \$1 million cap on fund balance. Limit administrative costs to no more than \$20,000 for DES and \$80,000 for administering agencies. Requires fund deposits to be used only for purposes of fund's authorizing statute and not be transferred to another fund.	10
<b>Department of Health Services</b>	
<i>Privatization of the Arizona State Hospital</i>	
• As session law, permit DHS to privatize the State Hospital. Require DHS to report to the Joint Legislative Budget Committee by July 1, 2005 on whether DHS intends to privatize the state hospital.	23
<i>Restoration to Competency Cost Sharing</i>	
• As session law, continue to require Maricopa and Pima counties to pay 86% of cost of restoration to competency treatment in FY 2006. Reduce the cost-sharing for all other counties to 50%.	19
<i>Suicide Prevention Program</i>	
• As session law, continue to suspend the Suicide Prevention Program in FY 2006.	20
<i>Telecommunications Tax</i>	
• As permanent law, amend the percentage allocation from the Telecommunications Tax so that the Poison Control Fund receives \$400,000 in additional revenues from the ASDB share of the tax.	7

## K-12 EDUCATION - CHAPTER 329 (SB 1516)

	<u>Section</u>
<b>Arizona State Schools for the Deaf and the Blind</b>	
<i>Teaching Contracts</i>	8
• As permanent law, authorize the superintendent of ASDB to issue contracts for teaching positions.	
<b>Arizona Department of Education</b>	
<i>Inflation Adjustment</i>	1, 3, 7
• As permanent law, increase by 3.7% the formula funding "base level" in A.R.S. § 15-901(B2). Of this total, 2% is for the inflation adjustment required by A.R.S. § 15-901.01, 0.5% is for an additional school day required by Proposition 301, and 1.2% is for an additional increase.	
• As permanent law, increase by 2% the charter school "additional assistance" amounts per pupil in A.R.S. § 15-185(B)(4) and the transportation funding amounts per route mile in A.R.S. § 15-945(A)(5).	
<i>AIMS Tutoring</i>	2
• As permanent law, allow monies in the Failing Schools Tutoring Fund to be used to provide tutoring for pupils who have failed to pass one or more portions of the high school AIMS test. (Currently they can only be used to provide tutoring for pupils in "underperforming" or "failing" schools.)	
• As permanent law, fund tutoring through certificates of supplemental instruction that recipients can present to tutors in order to access services, rather than having parents pay up front for tutoring and apply for reimbursement later.	
• As permanent law, require the State Board of Education to determine application guidelines and maximum funding amounts for certificates of supplemental instruction. Also require the board to conduct an annual market survey to determine the maximum certificate amount.	
<i>Full-Day Kindergarten (FDK)</i>	4, 17
• As permanent law, require ADE to conduct a comprehensive review of existing research on FDK by December 1, 2005, and prohibit the Legislature from considering the appropriation of additional state monies for FDK until after the JLBC has reviewed the study.	
• As permanent law, prohibit state FDK monies from being used for pupils who are not at least 5 years old by September 1 of the school year.	
• As session law, appropriate \$38,050,000 for FDK for schools in which at least 80% of pupils qualify for free or reduced price lunches and permit ADE to use up to \$150,000 of that total for program administration.	

<i>Transfer Review</i>	5
• As permanent law, require JLBC review of any transfer to or from the Basic State Aid, Additional State Aid, Certificates of Educational Convenience or the Special Education Fund line items.	
<i>Excess Utilities</i>	6, 15, 16
• As permanent law, expand school district planning and reporting requirements for excess utilities and require ADE to annually prepare and submit a summary of school district reports.	
<i>Shorter School Year</i>	9
• As session law, continue to allow a shorter than 36-week school year using longer days.	
<i>K-12 Rollover</i>	10, 11
• As session law, defer until July 1, 2006 \$191 million of the Basic State Aid and Additional State Aid (Homeowner's Rebate) payment that school districts otherwise would receive on June 15, 2006, and appropriate \$191 million for July 2006.	
<i>Desegregation Cap</i>	12
• As session law, continue through FY 2006 a "soft cap" that allows desegregation expenditures to increase for enrollment growth and inflation.	
<i>Joint Technological Education Districts (JTED's)</i>	13
• As session law, cap state aid at the higher of a JTED's FY 2005 state aid or double its Qualifying Tax Rate revenues for FY 2006.	
<i>Rapid Decline Formula</i>	14
• As session law, fund Rapid Decline at 50% for FY 2006.	

## **HIGHER EDUCATION - CHAPTER 330 (SB 1517)**

	<u>Section</u>
<b>Community Colleges</b>	
<i>Hold Harmless Provision</i>	1
• As permanent law, amend the hold harmless provision to change the calculation for growth funding in the operating state aid funding formula.	
<b>Universities/Board of Regents</b>	
<i>Legislative Funding Limit / Differentiated Tuition</i>	2, 3
• As permanent law, prevent the Legislature from supporting students above the credit hour threshold (155 in FY 2007, 150 in FY 2008, 145 from FY 2009), unless additional credits are required by a student's program.	
• As permanent law, starting in school year 2006-2007 allow ABOR to differentiate tuition for students above the credit hour threshold, unless additional credits are required by a student's program.	
<i>Enrollment Formula / Audit</i>	3, 12
• As permanent law, set credit hour weights used to calculate full-time equivalent student enrollment: 15 credits for lower-division undergraduates, 12 credits for upper-division undergraduates, and 10 credits for graduate students. The universities count credit hours on the 21 <sup>st</sup> day of the semester.	
• As permanent law, require the Auditor General to audit annual university enrollments.	
• As session law, require ABOR to report to JLBC and OSPB by December 1, 2005 and April 15, 2006, on the semester day for enrollment counting, including enrollment comparisons between the 21 <sup>st</sup> and 45 <sup>th</sup> day of the fall and spring semesters.	
<i>Withdrawn Students</i>	3, 10
• As permanent law, require the universities to record all student withdrawals by date.	
<i>Useful Life Requirements</i>	4
• As permanent law, limit the term of any bond, if less than 40 years, to the useful life of the project.	
<i>Tuition Planning Report</i>	12
• As session law, require ABOR to report to JLBC and OSPB, by December 31, 2005, on limiting tuition increases for existing students to no more than inflation.	
<b>Phoenix Medical Campus</b>	
<i>Medical Student Loan Program</i>	5, 6, 7, 8
• As permanent law, makes technical corrections to the medical student loan program.	
<i>Medical Student Scholarship Program</i>	9, 11
• As permanent law, creates the medical student scholarship program under the Board of Medical Student	

Loans, with awards based on merit. Students must commit to serving an underserved area one year for every year of scholarship support, but for at least two years. Recipients who do not meet their obligations must repay the scholarship amount, plus penalties.

- As session law, appropriates \$1.5 million from the General Fund in FY 2006 for the medical student scholarship program and directs that at least half the appropriation be used for private medical student scholarships.
- As permanent law, creates the medical student scholarship fund.

*Medical School Campus*

13

- As session law, establishes the Phoenix medical campus under the University of Arizona Health Sciences Center at the former site of Phoenix Union High School and immediately appropriates \$3 million from the General Fund for the campus and \$500,000 from the General Fund for the associated ASU Department of Biomedical Informatics. Ties the appropriation to only one class of 24 students.
- As session law, requires ABOR to submit for JLBC review by September 1, 2005 detailed operational and capital plans for the medical campus and appropriates an additional \$3 million from the General Fund for the campus and \$500,000 from the General Fund for the Bioinformatics Department. Makes the second round of funding available by October 5, 2005.

*Joint Study Committee on Medical School Education*

14, 18

- As session law, establishes the Joint Study Committee on Medical School Education to evaluate statewide needs for medical education and report by December 1, 2005.

*Arizona Partnership for Nursing Education Demonstration Project*

15, 16,  
18

- As session law, establishes the nursing education demonstration project to increase the number of nursing graduates and creates the nursing education demonstration project fund, whose monies shall be distributed between ABOR and community colleges based on the respective number of nursing students graduated in FY 2005.
- Appropriates \$4 million from the General Fund annually, from FY 2006 to FY 2010, into the nursing education demonstration project fund.

*Clinical Rotations*

17

- As session law, prohibits medical schools in the state from restricting their associated hospitals from offering clinical rotations to any qualified medical student.

## STATE BUDGET PROCEDURES - CHAPTER 33I (SB 152I)

Section

**Department of Corrections**

*Expenditure Reporting*

14

- As session law, require the Department of Corrections to report actual FY 2005, estimated FY 2006, and requested FY 2007 expenditures by prison complex, community corrections, private prisons and central administration when the department submits the FY 2007 budget request pursuant to section 35-133, Arizona Revised Statutes.

**Arizona State Retirement System**

*Information Technology Appropriation Lapsing Extension*

11, 12,  
18

- As session law, amend FY 2003 and FY 2005 General Appropriation Acts to extend the lapsing date of the Information Technology Plan appropriations from June 30, 2005 to June 30, 2006. Retroactive to June 30, 2005.

*Annual Contribution Rate Adjustment*

- As permanent law, require the ASRS contribution rate to be set annually instead of biennially. Change is effective July 1, 2007. 5, 19
- As session law, require the ASRS contribution rates for FY 2006 and FY 2007 be based on the annual rates established by the existing biennial rate calculation. Retroactive to June 2005. 15, 19

*Non-ASRS Retirement Systems*

6, 7,  
8, 18

- As permanent law, requires non-ASRS retirement systems' contribution rates to be set annually instead of biennially. Retroactive to June 2005.

## **Department of Transportation**

*Safety Enforcement and Transportation Infrastructure Fund* 1

- As permanent law, allows department to enter into agreements and provide funding to the Arizona-Mexico Commission, Office of Homeland Security and Arizona International Development Authority to improve traffic safety.

*Joint Legislative Review Committee on Transportation Between Arizona and Mexico* 10

- As permanent law, increases committee membership with a representative from the Office of Homeland Security.

## **Other**

*Program Budgeting* 13

- As session law, suspend requirement that program budget structures be adopted for AHCCCS, DES, DHS, Department of Housing and Universities in FY 2006.

*Non-Appropriated Funds Reporting*

- As permanent law, establishes non-appropriated funds reporting requirements for state agencies. 2
- As permanent law, requires the Governor's Office of Strategic Planning and Budgeting (OSPB) to prepare a non-appropriated funds report by February 1 of each year (beginning in 2008 for all agencies). Reporting is phased in with preliminary reports due by August 1, 2006 and February 1, 2007 for 5 pilot agencies selected in consultation with JLBC Staff. 3, 16
- As permanent law, provides clarifying and technical changes related to the OSPB director duties regarding federal grants-in-aid. 9
- As session law, requires OSPB to study need and structure for a central clearinghouse to track received, expended and available federal funds. Progress report is due to JLBC by September 1, 2005 and report with findings and recommendations to the Governor, President of the Senate and Speaker of the House is due by December 1, 2005. 17
- As permanent law, requires the Arizona Department of Administration to include non-appropriated funds in the annual financial report due December 1 of each year with no less detail than state general fund reporting (beginning in 2007 for all agencies). Reporting is phased in with preliminary reports due by June 1, 2006 and December 1, 2006 for 5 pilot agencies selected in consultation with JLBC Staff. 4, 16

## **ENVIRONMENTAL PROTECTIONS - CHAPTER 332 (SB I522)**

### Section

## **Department of Administration**

*Zuni Indian Tribe Water Settlement* 10

- As session law, appropriates \$800,000 in FY 2006 and \$796,000 in FY 2007 from the Game and Fish Watercraft Licensing Fund to comply with the state's share of the settlement.

## **Department of Environmental Quality**

*General Fund Transfer to WQARF* 11

- As session law, set the FY 2006 corporate income tax transfer to WQARF at \$11,000,000.

*In Lieu Fees*

- As session law, transfer first \$10,000,000 of in lieu fees to the State General Fund in FY 2006. These fees are paid by vehicle owners in lieu of an emissions inspection test. 9
- Appropriate \$500,000 of in lieu fees in excess of \$10,000,000 to the Department of Environmental Quality for the operating budget in FY 2006. 9
- Appropriate in lieu fees in excess of \$10,500,000 to the department for grants to school districts for new school buses and diesel particulate filters. The grants shall not exceed the cost difference between conventional diesel and compressed natural gas buses. At least 40% of appropriation is for new buses, at least 40% is for diesel particulate filters and remainder is for Air Quality Fund purposes. Appropriation is non-lapsing until FY 2008. 9
- Eliminate in lieu fees in FY 2007. 2, 3, 4, 12

*Underground Storage Tank Fund* 5

- As session law, continue to set administrative cap at \$6,031,000 in FY 2006.

**State Parks**

*Off Highway Vehicle Recreation Fund* 7

- As session law, allow the agency to spend up to \$692,100 for general agency operating costs from the Park allocation of the Off Highway Vehicle Recreation Fund in FY 2006 and FY 2007.

*State Parks Enhancement Fund (SPEF)*

- As session law, continue to allow legislative appropriation of the entire fund, less an amount sufficient to fund the lease-purchase payment for the Tonto Natural Bridge State Park, for operating purposes in FY 2006 and FY 2007. Currently, half of the fund for capital purposes is non-appropriated. 6

**Department of Water Resources**

*Water Protection Fund* 8

- As session law, continue to suspend the requirement for a \$5 million General Fund appropriation to the Water Protection Fund in FY 2006.

*Arizona Water Banking Fund* 1

- As permanent law, require appropriation of monies received from a water banking agreement with Nevada that are not used for water banking or purchase, or other contract obligations.
- As permanent law, allow monies in the fund to be invested in the Treasurer's local government investment pool.

**LADEWIG SETTLEMENT PAYMENTS - CHAPTER 333 (SB 1524)**

Section

**Department of Revenue**

*Ladewig v. State Settlement* 1, 2

- As session law, allocate \$58.3 million from General Fund for the Ladewig v. State of Arizona settlement and allow \$1.8 million to be used for administrative costs in FY 2006 subsequent to JLBC review.
- Revert unclaimed refunds to General Fund.