

FY 2011 BUDGET RECONCILIATION BILLS (BRB)^{1/}

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^{1/} Laws 2010, 7th Special Session unless otherwise noted.

FY 2011 BUDGET RECONCILIATION BILLS (BRB)

BUDGET PROCEDURES – CHAPTER 3 (HB 2003)

	<u>Section</u>
Statewide	
1. As session law, continue to require the Governor’s Office of Economic Recovery to report on the use of American Recovery and Reinvestment Act (ARRA) Funds by October 1. Allow the reports to be transmitted electronically by posting them on the state’s stimulus tracking website.	6
2. As session law, continue to require unrestricted Federal Funds, excluding ARRA funds, to be deposited in the General Fund for the payment of essential government services.	7
3. As session law, continue to allow agencies to implement a furlough (in addition to those required by Section 9) for FY 2011 and direct the Arizona Department of Administration (ADOA) to prescribe implementation procedures. Also, exempt ADOA from rulemaking requirements for the purpose of prescribing procedures.	11
4. As session law, notwithstanding A.R.S. § 35-121 to permit annual budgets for all departments.	12
5. As permanent law, require ADOA to annually submit to the Joint Legislative Budget Committee (JLBC) by December 31 of each year a Working Capital Surplus Report associated with meeting the requirement for tax-exempt deficit financing concerning agreements entered into after January 1, 2009.	4
6. As session law, continue to specify that any non-lapsing monies appropriated from the General Fund that remain unexpended or unencumbered at the close of FY 2011 shall be counted as part of the closing balance.	13
7. As permanent law, repeal language authorizing the inclusion of performance pay in the General Appropriation Act.	1,2,3
8. As permanent law, repeal the voluntary separation program. Subject to agencies’ available funding, this program required ADOA to establish procedures which would allow a state agency to provide severance payments to those terminated from state service due to a reduction in force. The program also gave ADOA the option to allow a terminated employee to continue state employee health insurance for up to 6 months, subject to available funding.	5
9. As permanent law, eliminate the 2.75% performance pay available to state agencies, effective May 29, 2010. As session law, require 1 furlough day in FY 2010 and 6 furlough days in FY 2011 and FY 2012. These requirements apply to all state government units except employees of elected officials other than the Governor. For the offices of non-gubernatorial elected officials, Section 10 requires that these budget units receive a 2.75% personnel expense reduction, along with an additional 2.3% personnel expense reduction, which is equivalent to the 6 day furlough required for all other budget units. The non-gubernatorial elected officials may use furloughs, salary reductions and/or vacancy savings to achieve their savings. Other provisions include: <ul style="list-style-type: none">• University employees are exempt from Sections 8, 9, and 10 because reducing the University system’s appropriation to implement salary reductions or furloughs would reduce funding below federal Stabilization Fund FY 2006 maintenance of effort requirements. This exemption would be removed upon expiration of the federal maintenance of effort requirements (end of FY 2011).• Allows the closure of offices for furloughs• Allows exemption from furloughs, as approved by ADOA, for positions which require continuous operation due to their critical nature or other compelling reasons.• With approval from ADOA, a budget unit may reduce employee pay in lieu of requiring furloughs, provided that the agency achieves the required amount of savings.• Requires that ADOA report to the JLBC by April 30, 2010 the job classifications and the total number of employees, by budget unit, who have been exempted from the furlough program. The report must also include information on budget units which received approval to substitute a pay reduction in lieu of requiring furloughs.• Requires all non-federal savings to be transferred to the General Fund.	8,9,10

CRIMINAL JUSTICE – CHAPTER 6 (HB 2006)

Attorney General

10. As permanent law, continue to permit the use of monies available in the Consumer Fraud Revolving Fund for any operating costs incurred by the Attorney General, including costs associated with the Tobacco Master Settlement Agreement arbitration. This provision was previously in session law. 23
11. As permanent law, continue to permit the use of monies available in the Collection Enforcement Revolving Fund for any operating expenses incurred by the Attorney General. This provision was previously in session law. 13

Capital Postconviction Public Defender’s Office

12. As permanent law, establish the Capital Postconviction Office Fund. Amend A.R.S. § 41-4301 to remove the \$30,000 cap on reimbursements from counties for costs incurred by the Capital Postconviction Public Defender’s Office and deposit the reimbursements into the Capital Postconviction Office Fund. 21,22

State Department of Corrections

13. As session law, continue to require the department to report actual FY 2010, estimated FY 2011, and requested FY 2012 expenditures as delineated in the prior year when the department submits its FY 2012 budget request pursuant to A.R.S. § 35-113. 26
14. As permanent law, continue to permit the use of monies appropriated to the Transition Office Fund for any operating expenses related to the Transition Program. This provision was previously in session law. 11
15. As session law, repeal Laws 2009, 3rd Special Session, Chapter 6, Section 33 requiring the Department of Corrections to enter into a concession agreement with private vendor(s) to operate 1 or more state prisons. 25
16. As a conditional enactment, permanently modify the criminal code to require individuals with sentences of 12 months or less to be incarcerated in county jails rather than state prison. Effective October 1, 2010. This provision only takes effect if the sales tax increase does not pass. 1,3,7,8,9, 10,36,40

Arizona Criminal Justice Commission/Arizona Drug and Gang Prevention Resource Center

17. As permanent law, shift the Drug and Gang Prevention Resource Center Fund from the Drug and Gang Prevention Resource Center to Arizona Criminal Justice Commission (ACJC) for the purpose of conducting the Arizona Youth Survey, a statutorily required survey of 8th, 10th, and 12th grade students in schools across Arizona. This shift was done on a transitional basis in FY 2010 through an intergovernmental agreement between ACJC and the Drug and Gang Prevention Resource Center. 18

Board of Executive Clemency

18. As permanent law, continue to require the Chairman to also act as the Executive Director. This provision was previously in session law. 12
19. As session law, continue to limit members of the Board of Executive Clemency, excluding the Chairman, from working more than 30 hours per week and restrict them from being eligible for paid leave or any other benefits provided to state employees. 33
20. As permanent law, allow the board to consider failed an issue in which the board is deadlocked rather than forcing the board to reconsider the issue at a later meeting. 12

Judiciary

21. As session law, continue to suspend the reporting requirements for the Annual Juvenile Intensive Probation Report, the Community Punishment Program Report, the Emancipation of Minors Report, the Annual Drug Treatment and Education Fund Report, the Annual Lengthy Trial Fund Report, the Annual Child Support Committee Report, and the Annual Domestic Relations Committee Report. 28
22. As session law, suspend A.R.S. § 12-270, which requires the Legislature to annually appropriate 40% of any cost savings related to a reduction in probation revocations, to be deposited in the Adult Probation Services Fund of each county if there is a reduction in the percentage of supervised probationers who are convicted of new felony offenses. 29
23. As session law, continue to suspend county non-supplanting requirements associated with funding for probation services, criminal case processing, and alternative dispute resolution programs and require the counties to report on reductions in county funding as a result of the elimination of the non-supplanting provisions. 30
24. As permanent law, requires Maricopa County to pay for 100% of the county’s Superior Court judges’ salaries. 2

25. As a conditional enactment, increase the counties' current 50% share of the cost of Superior Court judges' compensation by \$735,000 (in counties other than Maricopa). This provision only takes effect if the sales tax increase does not pass. 37

Department of Juvenile Corrections

26. As permanent law, extend the sunset of the Department of Juvenile Corrections (DJC) to July 1, 2011. Retroactive to July 1, 2010. 19,20, 38,39
27. As session law, establishes the Commission on Juvenile Corrections Reform to: 35
- Review and make recommendations regarding current rehabilitative services provided by the juvenile justice system, the future role of DJC, and the size, condition, and location of juvenile correctional centers and community treatment facilities.
 - Develop a plan for the possible closure of DJC and transfer of the responsibility of long-term juvenile incarceration to counties.
 - Report recommendations to the Legislature and the Governor no later than November 30, 2010.

Department of Public Safety

28. As permanent law, redirect 9% of Criminal Justice Enhancement Fund revenues, formally deposited into the General Fund, to the Department of Public Safety (DPS) to fund the department's crime laboratory operations. These monies will be deposited into DPS's Crime Laboratory Operations Fund. Session Law previously redirected these monies to the Crime Laboratory Assessment Fund. 15,17
29. As session law, continue to exempt state photo enforcement citations from being included in judicial productivity credit calculations in FY 2011. 31
30. 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 Highway User Revenue Fund and State Highway Fund revenues available to fund DPS's Highway Patrol costs. 27
31. As session law, continue to reduce the Laws 2007, Chapter 261 advance appropriation of \$3,440,000 from the DNA Identification System Fund to \$980,000 in FY 2011. These monies were originally appropriated to fund the operating costs of expanded testing provisions and the design and construction of an expanded crime lab in Phoenix. 24
32. As permanent law, allow DPS to charge the Peace Officer Standards and Training Board for administrative support costs. 16
33. As permanent law, reduce the amount deposited to the Public Safety Equipment Fund from DUI and OUI assessments from \$3 million to \$1.2 million. 14
34. As permanent law, eliminate the Sex Offender Monitoring Fund and redirect its revenues to the General Fund. 4,5,6,34

State Treasurer

35. As session law, continue to fund the state share of Justice of the Peace salaries at 19.25% in FY 2011. 32
36. As a conditional enactment, fund the state share of Justice of the Peace salaries at 18.2875% in FY 2011. This provision only takes effect if the sales tax increase does not pass. 32

ENVIRONMENT – CHAPTER 7 (HB 2007)

Arizona Department of Agriculture

37. As session law, permit the Director, upon recommendation from the Agricultural Advisory Council, to continue to increase fees in FY 2011. The bill includes an intent clause that limits additional revenues up to \$561,000 and requires that a specific fee plan be developed for legislative consideration by April 1, 2010. 4

Department of Environmental Quality

38. As session law, continue to suspend the Underground Storage Tank Revolving Fund Assurance Account administrative cap for FY 2011 to allow the department to utilize up to \$6,531,000 for program operating costs. 3
39. As session law, allow the department to increase fees in FY 2011. The bill adds an intent clause that limits additional revenues to \$5,779,100 and requires that a specific fee plan be developed for legislative consideration by April 1, 2010. 5
40. As session law, limit the General Fund appropriation to the Water Quality Assurance Revolving Fund to \$7,000,000 in FY 2011. 9

Navigable Stream Adjudication Commission

- 41. As session law, allow up to \$80,000 from the Risk Management Revolving Fund to be spent for the commission's unpaid legal obligations. 8

Arizona State Parks Board

- 42. As session law, continue to allow the use of \$692,100 from the Off-Highway Vehicle Recreation Fund for agency operating costs. 2
- 43. As session law, continue to allow State Parks Enhancement Fund monies to be used for the operation of state parks as appropriated by the Legislature or for capital needs as approved by the Joint Committee on Capital Review in FY 2011. 7
- 44. As session law, allow the use of Law Enforcement Boating Safety Fund monies for Parks Board operations and \$500,000 for law enforcement grants in Mohave and La Paz Counties in FY 2011. 6

Department of Water Resources

- 45. As session law, continue to suspend the statutory \$5,000,000 transfer from the General Fund to the Water Protection Fund in FY 2011. 1
- 46. As session law, allow the department to increase fees in FY 2011. The bill adds an intent clause that limits additional revenues to \$5,662,900 and requires that a specific fee plan be developed for legislative consideration by April 1, 2010. 5

GENERAL GOVERNMENT – CHAPTER 5 (HB 2005)

Department of Commerce

- 47. As session law, continue to amend Laws 2004, Chapter 235, Section 14 to reduce the Military Installation Fund deposit by \$(2,800,000) in FY 2011. 4
- 48. As session law, continue to allow the department to use the Lottery Fund, Bond Fund and Commerce and Economic Development Fund for operating. 6
- 49. Repeal Laws 2007, Chapter 260, Section 6 to eliminate the FY 2011 \$27,500,000 advance appropriation to the 21st Century Fund. 2

Department of Emergency and Military Affairs

- 50. As session law, continue the \$(1,100,000) reduction to the Governor's Emergency Fund deposit in FY 2011. 5

Secretary of State

- 51. As session law, suspends the requirement that the Secretary of State register Professional Employer Organizations pursuant to A.R.S. § 23-563 until July 1, 2011. 7

State Treasurer

- 52. As permanent law, clarify Laws 2009, Chapter 89 to establish the Treasurer's Management Fund. Revert General Fund appropriation in lieu of Management Fund appropriation. 1,3

HEALTH – CHAPTER 10 (HB 2010)

Arizona Department of Administration

- 53. As session law, continue to prohibit implementation of a differentiated health insurance premium in FY 2011 based on the integrated or non-integrated status of the provider, beginning October 1, 2010. 24

AHCCCS

- 54. As session law, continue to exclude the Arizona Health Care Cost Containment System (AHCCCS) from the ambulance provider rates set by the Department of Health Services (DHS). *Laws 2010, Chapter 86 (H.B. 2116) sets the AHCCCS ambulance reimbursement rate at 80% of the DHS rates except that from October 1, 2009 until September 30, 2011, the rates will not exceed 76%.* 32
- 55. As session law, continue the FY 2010 risk contingency rate reduction for all managed care organizations. Continue to impose a reduction on funding for all managed care organizations administrative funding levels. 33
- 56. As session law, continue to prohibit increases in institutional and non-institutional provider rates in the contract year beginning October 1, 2010. Allow AHCCCS to reduce institutional and non-institutional rates up to 5% in contract year beginning October 1, 2010. 25

57. As a conditional enactment, allow AHCCCS to reduce institutional and non-institutional provider rates up to an additional 10% in contract year beginning October 1, 2010. This provision only takes effect if the sales tax increase does not pass.	25
58. As session law, require AHCCCS to suspend total Acute Care payments of \$344,201,700 (including \$117,688,200 from the General Fund) to health plans for up to 2 months. Stipulate that the health plans shall receive 0.5% interest for the delayed payment.	31
59. As permanent law, eliminate the KidsCare Children Program. <i>Chapter 232 (S.B. 1043) restores the KidsCare program retroactive to June 14, 2010 (see Chapter 232 below).</i>	1,2,3,4,9, 10,11
60. As permanent law, eliminate certain optional AHCCCS services including, but not limited to, emergency dental services, most well exams for adults (Mammograms, Pap Smears, and Colonoscopies would remain covered), physical therapy services (excluding the first 6 visits), certain transplants, and orthotics. Subject to approval of the federal government, eliminates non-emergency transportation to certain AHCCCS recipients in counties with more than 500,000 persons. Exempts AHCCCS from rulemaking requirements to make these changes. <i>(See Chapter 232 for changes).</i>	5,6,7,8,34
61. As session law, exempt AHCCCS from rulemaking requirements for determining eligibility necessary to implement a program within the available appropriation.	34
62. As session law, set the County Acute Care contribution at \$51,438,400. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328.	28
63. As session law, establish FY 2011 disproportionate share distributions to the Maricopa County Hospital District, the Arizona State Hospital, and private qualifying disproportionate share hospitals.	26
64. As session law, require the collection of \$2,646,200 in the Disproportionate Uncompensated Care pool contributions from counties other than Maricopa. Exclude these contributions from county expenditure limitations.	29
65. As session law, continue to exclude Proposition 204 administration costs from county expenditure limitations.	30
66. As session law, continue to permit AHCCCS to expend Federal Funds made available by local or tribal spending unless the spending would reduce the enhanced federal matching rate under the federal stimulus or cause the administration to exceed any limitations of federal spending.	20
67. As session law, continue to state that it is the intent of the Legislature that AHCCCS comply with the Federal False Claims Act, achieve the maximum savings as possible under the federal act, and continue to consider best available technologies to consider fraud.	35
68. As session law, set county Arizona Long Term Care System (ALTCS) contributions at \$224,983,700. Specifies this amount includes a reduction of \$39,706,700 for the ALTCS Lump Sum Appropriation and a \$3,221,700 reduction for Medicare Clawback Payments. Both reductions are a result of ARRA of 2009. <i>(See Chapter 232 for changes.)</i>	15
69. As session law, amend Laws 2009, 3 rd Special Session, Chapter 3 to change the 50/50% counties/state split for reversion of excess ALTCS lump sum appropriations to 62.2/37.8% in FY 2009 and 60/40% in FY 2010.	12,13
70. As session law, change 50/50% counties/state split for reversion of excess appropriations in ALTCS lump sum payments to 59.3/40.7% for FY 2011 to ensure compliance with ARRA Federal Medical Assistance Percentage (FMAP) provisions.	16
71. As session law, change 50/50% counties/state split for reversion of excess appropriations in ALTCS Medicare Clawback payments to 45.5/54.5% for FY 2009 and FY 2010 to ensure compliance with ARRA FMAP provisions.	14
72. As session law, change 50/50% counties/state split for reversion of excess appropriations in ALTCS Medicare Clawback payments to 45.3/54.7% for FY 2011 to ensure compliance with ARRA FMAP provisions.	17
73. As session law, require AHCCCS to transfer: a) Acute Care county savings due to the receipt of the enhanced FMAP in FY 2010 to counties by December 31, 2010; b) Acute Care county savings due to the receipt of the enhanced FMAP in FY 2011 to the counties by December 31, 2011; and c) any county savings from the Proposition 204 – DES Eligibility line item in FY 2011 back to the counties to conform with federal stimulus requirements.	18,19,21
74. As session law, appropriates an additional \$3,000,000 from the General Fund and \$5,784,800 from Federal Title XIX expenditure authority for disproportionate share hospital payments for private hospitals in FY 2011.	27

Department of Health Services

75. As session law, continue to require all cities and counties to pay 100% of cost of Restoration to Competency treatment in FY 2011. Allows counties to use any source of county revenue to make the transfers.	23
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76. As session law, continue to require counties to pay 25% of the cost of treatment and confinement for sexually violent persons. Allows counties to use any source of county revenue to make the transfers and exempts county contributions from county expenditure limitations. 22

HEALTH CARE; PROGRAMS; COVERAGE – CHAPTER 232 (SB 1043)

Arizona Department of Administration

77. As permanent law, extend state employee health care coverage to dependents up to their 26th birthday to comply with recently passed federal health care legislation. Allow a child who was disabled before reaching 19 who continues to be disabled and for whom the employee had custody before reaching 19 to be considered a dependent for state employee health care coverage. The 2009 statutory changes in state employee health insurance coverage had the unintended consequences of removing the disabled dependent population. 9,15

AHCCCS

78. As permanent law, restore KidsCare statutes repealed by Laws 2010, 7th Special Session, Chapter 10. Retroactive to June 14, 2010. 1-4, 6-8, 11,16
79. As session law, appropriate \$9,000,000 from the General Fund and \$40,900,000 from the Children’s Health Insurance Fund for KidsCare in FY 2011. Funds program presuming continuation of enrollment freeze as approved by the federal government on March 15, 2010. 12,16
80. As session law, conditional upon the enactment of the enhanced federal Medicaid match rate being extended until June 30, 2011, sets the county Arizona Long Term Care System (ALTCS) contributions at \$187,507,000. Specifies this amount includes a reduction of \$(76,014,400) for the ALTCS Lump Sum appropriation and a \$(4,390,700) reduction for Medicare Clawback payments. 13
81. Makes technical changes to Laws 2010, 7th Special Session, Chapter 1, Section 133 clarifying that the reduction to the FY 2010 Medicare Clawback payment is from “Expenditure Authority” instead of “Federal Title XIX Expenditure Authority.” 10
82. Makes technical changes to transplant coverage to be consistent with the intent of the Health Budget Reconciliation Bill (BRB). The Health BRB inadvertently eliminated transplant coverage for all transplants where the donor was not related; the BRB should have eliminated coverage for only unrelated allogenic transplants (blood stem cell transplants). 5
83. As session law, makes appropriation revisions conditional upon the enhanced federal Medicaid match rate being extended until June 30, 2011. The extended enhanced federal match generates General Fund savings of \$394 million. Of this amount, \$385 million is used to restore Proposition 204 programs in the Arizona Health Care Cost Containment System (AHCCCS) and the Department of Health Services (DHS) for the last 6 months of FY 2011 and \$9 million is used for restoring KidsCare. While the enacted budget presumed the elimination of the Proposition 204 program in January 2011, the federal health care legislation requires maintenance of existing programs. Reducing existing coverage would result in a loss of federal matching funds for the traditional Medicaid program. 14

Appropriations and reductions made are as follows:

- A decrease of \$(43) million from the General Fund and an increase of \$43 million in Federal Title XIX Expenditure Authority to the Department of Economic Security;
- A decrease of \$(45) million from the General Fund and an increase of \$86 million in Expenditure Authority to DHS;
- An increase of \$79 million from the General Fund and an increase of \$1,006 million in Expenditure Authority to AHCCCS.

HIGHER EDUCATION – CHAPTER 9 (HB 2009)

Arizona Community Colleges

84. As session law, continue to suspend capital outlay funding for FY 2011. 2
85. As session law, continue to notwithstanding the 20% cap to the community college districts’ ability to use capital outlay monies for operating. 3
86. As session law, notwithstanding the operating state aid and equalization formulas in FY 2011, and specify that the appropriations for operating and equalization state aid shall be as provided in the General Appropriation Act, including any conditionally enacted reduction. 6,7

87. As a conditional enactment, permanently eliminate the distribution of the Transaction Privilege Tax revenues that are collected on Indian reservations to tribal community colleges and other conforming changes. This provision only takes effect if the sales tax increase does not pass. 1,8

Board of Medical Student Loans

88. As session law, continue to suspend the requirement that at least 50% of loan monies be apportioned for students attending private medical schools retroactive to June 30, 2010. 4

Universities

89. As session law, continue to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees deposited into Arizona Financial Aid Trust. 5

K-12 EDUCATION – CHAPTER 8 (HB 2008)

Department of Education

90. As permanent law, increase by 1.2% the transportation funding levels prescribed in A.R.S. § 15-945A5 and the charter school “Additional Assistance” amounts prescribed in A.R.S. § 15-185B4. 1,4
91. As permanent law, maintain at \$3,267.72 for FY 2011 the per pupil “base level” amount prescribed in A.R.S. § 15-901B2 (unchanged from FY 2010). 2
92. As session law, continue to fund state aid for Joint Technological Education Districts (JTEDs) in FY 2011 at a percentage that would freeze statewide JTED costs at the prior year level. 8
93. As session law, continue to “hold harmless” a JTED if the adjustment factor otherwise would cause it to receive less state aid in FY 2011 than in FY 2010, apart from reductions due to changes in student counts, property values and other technical factors. 8
94. As session law, continue to set the maximum base level increase for Career Ladder districts at 5.0% rather than 5.5% and limit the program only to teachers who participated in the prior year. 11
95. As session law, continue to suspend new funding for the early graduation program, but continue to fund existing students with available fund balances. 12
96. As session law, continue to suspend the “Actual Utilities Cost” funding formula in A.R.S. § 15-910.04 and related reporting requirements currently prescribed in A.R.S. § 15-910.03. 13
97. As session law, continue to permit school districts to use Soft Capital funding for FY 2011 for any operating or capital expenditures. 14
98. As session law, continue to suspend the annual AIMS Intervention and Dropout Prevention performance audit for FY 2011. 15
99. As permanent law, restore Half-Day Kindergarten by modifying the Basic State Aid formula. 2,3
100. As session law, continue to allow school districts and charter schools to charge tuition for full day Kindergarten (FDK) in FY 2011 if they decide not to provide free FDK in FY 2011. 16
101. As permanent law starting in FY 2012, limit the Homeowner’s Rebate to the K-12 “Qualifying Tax Rate” (QTR) or to a district’s actual primary property tax rate, whichever is lower. 5,22
102. As session law, continue the \$(144,000,000) Soft Capital reduction required for FY 2010 by Laws 2009, 4th Special Session, Chapter 2 and increase it by \$(21,120,700) for a total FY 2011 reduction of \$(165,120,700). As session law, continue to exempt school districts with fewer than 600 K-8 pupils from 50% of the K-8 Soft Capital reductions and districts with fewer than 600 high school pupils from 50% of the high school Soft Capital reductions that they otherwise would receive for FY 2011. 9
103. As a conditional enactment, suspend the Soft Capital funding formula for FY 2011, rather than reducing Soft Capital funding by \$(165,120,700), as required above. This would result in an estimated state savings of \$(212,000,000) rather than \$(165,120,700). This provision only takes effect if the sales tax increase does not pass. 10
104. As session law, reduce charter school Additional Assistance funding by an amount specified in the General Appropriation Act (\$10,000,000) for FY 2011 only below the level that otherwise would be funded pursuant to A.R.S. § 15-185B4. 7
105. As a conditional enactment, reduce charter school Additional Assistance by an additional amount specified in the General Appropriation Act (\$31,000,000) for FY 2011 only below the level that otherwise would be funded pursuant to A.R.S. § 15-185B4. This would result in a total charter school Additional Assistance reduction of \$41,000,000 rather than \$10,000,000. This provision only takes effect if the sales tax increase does not pass. 7
106. As a conditional enactment, suspend the Capital Outlay Revenue Limit (CORL) formula for FY 2011, which would result in an estimated state savings of \$(248,000,000). This provision only takes effect if the 19

sales tax increase does not pass.

107. As a conditional enactment, reduce Base Support Level (BSL) funding to school districts by \$(102,723,300) in FY 2011. This provision only takes effect if the sales tax increase does not pass. 21

School Facilities Board

108. As session law, continue to prohibit the School Facilities Board (SFB) from authorizing or awarding funding for the design or construction of any new school facility or for school site acquisition. Continue to require school districts to submit capital plans during FY 2011 and permit SFB to review and award new school facilities, subject to future appropriations. 17
109. As session law, continue to suspend the Building Renewal Fund formula for FY 2011. 18
110. As session law, requires SFB to refinance existing outstanding debt in order to realize up to \$60 million of savings in FY 2011, and requires JCCR review prior to SFB entering into any refinancing agreement. Prohibits SFB from entering into a refinancing agreement which achieves costs savings in other fiscal years in order to avoid substantial changes to the board's current debt service schedule. 20
111. As session law, modifies SFB's existing \$100 million of bonding authority to include Build America Bonds, and extends this authority until the end of FY 2011. Require proceeds to first be given to school districts whose actual FY 2010 ADM or projected FY 2011 ADM exceeds the district-wide space capacity. 6

REGULATION – CHAPTER 4 (HB 2004)

Office of Administrative Hearings

112. As session law, continue to suspend the requirement that the office hear appealed actions and contested cases within 60 days of the filing. 6

Registrar of Contractors

113. As session law, continue to allow 14% of prior fiscal year revenues from the Residential Contractors' Recovery Fund to be used for employee and contracted services, equipment, and for operational costs, rather than 10% of the fund balance. 5

Corporation Commission

114. As permanent law, continue to allow mutual fund filing fees to be deposited in the Securities Regulatory and Enforcement Fund and then redirected to the General Fund in February and June of each fiscal year. This provision was previously in session law. 2,3

Department of Fire, Building and Life Safety

115. As a conditional enactment, suspend the department's statutory requirements to the extent that funds are not available. 8

Department of Insurance

116. As session law, continue to notwithstanding the requirement for the Department of Insurance to recover at least 95% but not more than 110% of the department's appropriated budget. 4
117. As permanent law, continue to allow the department to use up to \$100,000 from the Captive Insurance Regulatory and Supervision Fund for operating expenses. This provision was previously in session law. 1

Board of Osteopathic Examiners

118. As session law, the Board of Osteopathic Examiners may select licensees whose renewal date is on or before January 1, 2012 to renew for a 1-year period. The license renewal fee for selected licensees shall be prorated accordingly. 7

REVENUES – CHAPTER 12 (HB 2012)

Department of Housing

119. As a conditional enactment, allow monies in the Housing Trust Fund to be transferred to the Department of Revenue (DOR) Administrative Fund to offset the DOR's contingency plan reduction. This provision only takes effect if the sales tax increase does not pass. 46

Office of Tourism

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|--|-------------------|
| 120. As permanent law, eliminate the Tourism funding formula in A.R.S. § 42-5029. | 5,31,32,
33,34 |
| 121. As permanent law, allow the Office of Tourism to spend 50% of monies received from the Arizona Tourism and Sports Authority for Maricopa County tourism promotion on their operational and administrative expenses. Retroactive to April 1, 2010. | 17,49 |

Department of Transportation

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| 122. As session law, continue to require that the amount of Vehicle License Tax collected from the 5-year registration option, which is over and above what would have been collected had the vehicles been registered for 2 years, be deposited into the General Fund. | 44 |
| 123. As permanent law, allow the department to set the Abandoned Vehicle Fee and direct the additional revenue to the General Fund. The bill adds an intent clause that limits additional revenue to \$12,061,200. | 9,10,43 |

Revenues

- | | |
|--|------------------------------|
| 124. As session law, continue the FY 2010 fee raising authority for the Department of Health Services, the Radiation Regulatory Agency, the State Land Department, and the Office of Pest Management. The bill exempts recreation fees from the fee raising authority granted the State Land Department. The bill adds an intent clause that limits additional revenues to \$600,000 each for the Department of Health Services and the State Land Department, \$500,000 for the Radiation Regulatory Agency, and \$525,000 for the Office of Pest Management. | 42 |
| 125. As permanent law, lower the threshold for estimated Transaction Privilege Tax payments from \$1 million in TPT liability to \$100,000 for fiscal years 2010 through 2012. | 30 |
| 126. As session law, redirect lottery distributions after February 1 for the County Assistance Fund, Local Transportation Assistance Fund (LTAF), LTAF II (Mass Transit), and the State Parks Heritage Fund to the General Fund. For any distributions already made, reduce local TPT distributions to cities and counties if necessary to recover the distributions. | 45 |
| 127. As permanent law, redirect lottery distributions for the County Assistance Fund, LTAF, LTAF II, and the State Parks Heritage Fund to the General Fund. This would increase the distribution to the General Fund from \$46,490,000 to \$96,140,000. | 1,2,3,4,8,
13,50 |
| 128. As permanent law, repeal LTAF and LTAF II and eliminate any statutory distributions. | 10,11,12,
38,39,40 |
| 129. As permanent law, requires Phoenix's share of state sales tax to replace LTAF as a backstop for lower-than-expected revenues from the Phoenix Convention Center. | 7,31 |
| 130. As permanent law, repeals the County Assistance Fund. | 14 |
| 131. As permanent law, repeals the State Parks Heritage Fund and funding formulas. Revert any unused monies to the General Fund on June 30, 2011. | 15,16 |
| 132. As session law, allow DOR to set a one-time fee for new and renewals of the TPT business license fee in FY 2011. The bill includes an intent clause that limits additional revenue to \$5,384,000. | 20,24,41 |
| 133. As permanent law, eliminate the prohibition on outsourcing the collection of delinquent state taxes if the amount owed is less than \$500. | 18,28 |
| 134. As permanent law, charge a 5% penalty on taxpayers required to make payments by electronic fund transfer who fail to do so. This would affect taxpayers with quarterly withholding liability of \$20,000 or more, corporate taxpayers with tax liability of \$20,000 or more, and TPT taxpayers with annual liability of \$1 million or more. | 21,22,36,
37,50 |
| 135. As permanent law, allow DOR to enter into agreements with financial institutions to conduct electronic data matching for the collection of delinquent taxes. | 6,27,28 |
| 136. As permanent law, increase the statute of limitations on tax liability to 10 years, which conforms to the IRS statute of limitations. | 19,20,23,
24,25,26,
29 |
| 137. As permanent law, require that all payroll service companies file and pay electronically on behalf of their clients and assess a \$25 penalty fee per quarter per client for failure to do so. | 28,35 |
| 138. As session law, require Maricopa County to transfer \$28,600,000 and Pima County to transfer \$6,000,000 into the General Fund, for a total transfer of \$34,600,000. Exempt these contributions from county expenditure limitations. Allows counties to use any source of county revenue to make the transfers. | 47 |
| 139. As session law, allow counties to use any source of county revenue to meet a county fiscal obligation, including obligations not directly related to state cost shifts, for FY 2011 and FY 2012. | 48 |

WELFARE – CHAPTER II (HB 2011)

Department of Economic Security

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| 140. As session law, continue to require recipients of Temporary Assistance for Needy Families (TANF) Cash Benefits to pass a drug test in order to be eligible for benefits if the Department of Economic Security (DES) has reasonable cause to believe that the recipient uses illegal drugs. | 9 |
| 141. As session law, continue to permit DES to reduce income eligibility levels for all child care programs. Require DES to report to JLBC within 15 days of any change in levels. | 10 |
| 142. As permanent law, reduce the maximum period of eligibility for TANF Cash Benefits from 5 years to 3 years. | 3,5,6,11 |
| 143. As permanent law, increase the percentage of a client's supplemental security income monthly benefit the department may collect to pay for a portion of the cost of support and care from 70% to 88%. As session law, the bill also provides emergency rule-making authority for 18 months. The bill adds an intent clause that limits additional revenues to \$4,050,000. | 2,11,12 |
| 144. As permanent law, allow the DES Director to establish a child support enforcement clearinghouse fee. As session law, the bill also provides emergency rule-making authority for 18 months. The bill adds an intent clause that limits additional revenues to \$1,050,000. | 1,11,12 |
| 145. As permanent law, allow DES to include the income of a non-parent relative or permanent guardian in determining the income eligibility of child-only applicants for TANF Cash Benefits. | 3,4,7,8,11 |

GROWING SMARTER REFERRAL – (HCR 2002)

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| 146. If approved by the voters at the November 2010 general election, transfer the remaining balance of the Land Conservation Fund to the state General Fund. | 1 |
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FIRST THINGS FIRST REFERRAL – (HCR 2001)

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| 147. If approved by the voters at the November 2010 general election, repeal the Early Childhood Development and Health Board (also known as First Things First) and its related Regional Councils. Agency operations would terminate on or before June 1, 2011 pursuant to existing sunset procedures. Any unexpended monies accumulated by First Things First would be transferred to the General Fund. The 80¢ tobacco tax would be deposited in the General Fund, and would be separately accounted for and appropriated for health and human services for children. | 1,2,3 |
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