

## **FY 2016 BUDGET RECONCILIATION BILLS (BRBs) AND MAJOR FOOTNOTE CHANGES\***

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\*Chapter numbers refer to 1<sup>st</sup> Regular Session.

## FY 2016 BUDGET RECONCILIATION BILL PROVISIONS

### BUDGET PROCEDURES - CHAPTER 11 (SB 1472)

#### Section

#### **Statewide**

1. As session law, notwithstanding A.R.S. § 35-111 to permit the Governor to submit an annual budget for FY 2017. 8
2. As session law, notwithstanding A.R.S. § 35-113 to permit the head of each department to submit an annual budget for FY 2017. 8
3. As session law, notwithstanding A.R.S. § 35-121 to permit annual appropriations for all agencies for FY 2016 through FY 2018. 8
4. As session law, continue to set the FY 2016 Capital Outlay Stabilization Fund (COSF) rental rate charged by the Arizona Department of Administration (ADOA) at \$13.08/square foot for rentable office space and \$4.74/square foot for rentable storage space. 7
5. As session law, continue to require unrestricted Federal Funds to be deposited in the General Fund for the payment of essential government services. 6
6. As permanent law, require annual budget requests for all departments to specify the amount of FTE Positions and Personal Services by retirement system and fund source. 1
7. As permanent law, require the Joint Legislative Budget Committee (JLBC) Staff to report on an annual retirement expenses budget, delineating the state's spending for the employer contribution. Departments would be required to submit the necessary information to the JLBC. 5

#### **Arizona Department of Administration**

8. As permanent law, eliminate the annual electronic transaction reporting requirement pursuant to A.R.S. § 35-142. 2
9. As permanent law, repeal the Working Capital Surplus Limitation associated with 2010 state buildings sale and lease-back. Require ADOA, in response to the Investment Yield Restriction, to report to JLBC and the Governor's Office of Strategic Planning and Budgeting (OSPB) on the investment yield amount and whether the department reduced the yield of investments or modified investments to meet the terms of the restriction. 3
10. As permanent law, allow the department to collect a usage fee to recover the costs of operating the Arizona Financial Information System (AFIS), the state's accounting system; and create an appropriated AFIS Cost Allocation Fund to receive those fees, which are based on a per transaction charge for which any change must be reviewed by JLBC prior to implementation. 4

#### **Revenues**

11. As session law, notwithstanding the requirements for any deposit to or any withdrawals from the Budget Stabilization Fund for FY 2016 through FY 2018. 9

### AGENCY CONSOLIDATION - CHAPTER 19 (SB 1480)

#### **AHCCCS/Department of Health Services**

12. As session law, transfer responsibility for behavioral health services, excluding the Arizona State Hospital, from the Department of Health Services (DHS) to Arizona Health Care Cost Containment System (AHCCCS), effective July 1, 2016. As session law, direct Legislative Council to draft legislation conforming A.R.S. to these provisions. Laws 2015, Chapter 195 conforms A.R.S. to the provisions of Chapter 19. 9, 12

#### **Department of Gaming/Arizona Department of Racing**

13. As permanent law, merge the Department of Gaming with the Department of Racing, effective July 1, 2015 or the effective date of the act, whichever is later. As session law, direct Legislative Council to draft legislation conforming A.R.S. to these provisions. 1-4, 10, 12-13

**Department of Financial Institutions/State Board of Appraisal**

14. As permanent law, merge the State Board of Appraisal with the Department of Financial Institutions, effective July 3, 2015. As session law, direct Legislative Council to draft legislation conforming A.R.S. to these provisions. 5-8, 11-13

**CRIMINAL JUSTICE - CHAPTER 17 (SB 1478)**

**Attorney General - Department of Law**

15. As session law, continue to permit the Attorney General to use State Aid to Indigent Defense Fund for capital postconviction prosecution activities in FY 2016. 10

**State Department of Corrections**

16. As session law, repeal earlier authorization of 1,000 beds from 2,000-bed Request for Proposals issued by the department on February 2, 2012, require new Requests for Proposals for up to a total of 2,000 male medium security contracted beds, and require award of contract for up to 1,000 beds to open on July 1, 2016, with the other 1,000 beds subject to legislative authorization. 5, 11, 12
17. As session law, continue to require the department to report actual FY 2015, estimated FY 2016, and requested FY 2017 expenditures as delineated in the prior year when the department submits its FY 2017 budget request pursuant to A.R.S. § 35-113. 6
18. As permanent law, allow the department to offset invoices of its health care provider for claims paid on behalf of eligible inmates without regard to dates of service. 2

**Judiciary**

19. 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. 9

**Department of Juvenile Corrections**

20. As permanent law, establish a Department of Juvenile Corrections (DJC) Local Cost Sharing Fund and require each Arizona county to annually pay an assessed amount to the fund. As session law, it is the intent of the Legislature that each county pay an assessed amount determined by the county's proportional share by population of \$12,000,000. 4, 13
21. As permanent law, prohibit youth under the age of 14 and youth who have not committed a felony from being sentenced to secure care at the department. Individuals with a seriously mentally ill diagnosis may still be admitted to DJC. 1, 3, 14

**Department of Public Safety**

22. As session law, continue to require the Department of Public Safety (DPS) to receive JLBC review of the expenditure plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount FY 2016 appropriation prior to its expenditure. 8
23. As session law, continue to suspend the schedule established by A.R.S. § 28-6537 governing the level of Highway User Revenue Fund (HURF) revenues available to fund DPS' Highway Patrol costs. 7
24. As session law, continue to allow use of the State Aid to Indigent Defense Fund for DPS operating expenses. 10

**ENVIRONMENT - CHAPTER 13 (SB 1474)**

**Department of Environmental Quality**

25. As session law, continue to allow the department to utilize up to \$6,531,000 from a combination of the Underground Storage Tank (UST) Fund and the Regulated Substance Fund (RSF) in FY 2016 for department administrative expenses. Laws 2015, Chapter 247 modifies this provision by eliminating the RSF. 6

26. As session law, continue to decrease the General Fund appropriation to the Water Quality Assurance Revolving Fund from \$15,000,000 to \$7,000,000.	8
27. As session law, allow \$1,800,000 of the department's Emission Inspection Fund monies to be spent on the Safe Drinking Water Program.	9
<b>State Land Department</b>	
28. As permanent law, allow permanent land trust earnings to be used to fund the department's administrative expenses, contingent upon voter approval of related 2016 ballot measure.	1, 2, 11
<b>Arizona Navigable Stream Adjudication Commission</b>	
29. As session law, allow use of Water Banking Fund for the commission's unpaid legal obligations, retroactive to July 1, 2014.	7
<b>Arizona State Parks Board</b>	
30. As session law, continue to allow the use of \$692,100 from the Off-Highway Vehicle Recreation Fund for agency operating costs.	5
31. As permanent law, clarify that the Yarnell Hill Memorial Site Board Fund can be used to purchase, design, and construct the Yarnell Hill Memorial.	3
<b>Department of Water Resources</b>	
32. As session law, continue to allow the department's Water Protection Fund Commission to spend up to \$336,000 on administrative functions out of their unobligated balances in FY 2016.	4
33. As session law, continue to allow the department non-municipality special fee authority, including an intent clause that limits additional revenue up to \$100,200, and exempt department from rulemaking for this purpose.	10

## LAND TRUST BALLOT REFERRAL - SCR 1018

<b>State Land Department</b>	
34. As session law, refer to the 2016 General Election ballot a proposition to amend the Arizona Constitution to allow the State Land Department to use a portion of Trust Land receipts for management and operation of the Trust.	1

## GOVERNMENT - CHAPTER 12 (SB 1473)

<b>Arizona Commission of African-American Affairs/State Treasurer</b>	
35. As permanent law, transfer the administration of the African-American Commission Fund from the State Treasurer to the Arizona Commission of African-American Affairs.	3
<b>Arizona Commerce Authority</b>	
36. As permanent law, reduce annual Competes Fund deposit from \$21,500,000 to \$16,500,000 in FY 2016 and \$11,500,000 in FY 2017 and future years.	6
<b>Department of Emergency and Military Affairs</b>	
37. As permanent law, expand the use of the Navajo Camp Fund to allow remaining monies in the fund after all expenses for Camp Navajo are paid to be used for other Army National Guard training sites.	2
<b>Arizona Historical Society</b>	
38. As permanent law, eliminate the Journal of Arizona History Magazine Fund.	5
<b>Department of State - Secretary of State</b>	
39. As permanent law, repeal the portion of Laws 2012, Chapter 361 which increased the reimbursement	1

rate to counties for Presidential Preference Elections from \$1.25/voter to 100% of incurred costs.

**Department of Veterans' Services**

- 40. As permanent law, change the name of the Southern Arizona Veterans' Cemetery Trust Fund to the Arizona State Veterans' Cemetery Trust Fund. Monies deposited into this fund would be used to operate and maintain all 3 cemeteries in the state. 4

**HEALTH - CHAPTER 14 (SB 1475)**

**AHCCCS**

*Rates and Services*

- 41. 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. 15
- 42. As session law, place "hard cap" limiting capitation rate increase to 1.5% in FY 2017 and FY 2018. 26
- 43. As permanent law, change the reimbursement to providers for ground ambulance services from 80% of the rates established by DHS, as scheduled to go into effect October 1, 2015, to 68.59%. 3
- 44. As session law, authorize agency to reduce provider rates by a cumulative total of up to (5)%; would exclude nursing facility, developmental disability, and home and community based services rates. Permit agency to reduce provider rate reduction if capitation rate increase in FY 2016 is less than 3.0%. 16
- 45. As session law, require AHCCCS to apply for waivers from the federal government to impose the following statutory changes: 1) require adult Medicaid enrollees up to 133% of the Federal Poverty Limit (FPL) to pay a premium of 2% of their income, 2) allow providers to charge co-pays of up to \$25 for non-emergency use of the emergency room, and 3) eliminate payment for non-emergency medical transportation from October 1, 2015 through September 30, 2016 for adults at 100% - 133% FPL. 19

*Counties*

- 46. As session law, set FY 2016 county Arizona Long Term Care System (ALTCs) contributions at \$249,234,600. 7
- 47. As session law, set the County Acute Care contribution at \$47,233,500. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328. 12
- 48. As session law, continue to 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. 13
- 49. As session law, continue to exclude Proposition 204 administration costs from county expenditure limitations. 14
- 50. As session law, require AHCCCS to transfer any excess monies back to the counties by December 31, 2016 if the counties' proportion of state match exceeds the proportion allowed in order to comply with the Federal ACA. 11

*Hospitals*

- 51. As session law, establish FY 2016 disproportionate share (DSH) distributions to the Maricopa Special Healthcare District (MIHS), the Arizona State Hospital, private qualifying disproportionate share hospitals, and Yuma Regional Medical Center. Increase DSH distribution to \$105,945,500 for FY 2015 and \$113,818,500 for FY 2016. Require AHCCCS to give priority to rural hospitals in Pool 5 distribution, and allow MIHS to be eligible for Pool 5 allocations. Reduce specific Pool 1 and 2 distributions to private qualifying disproportionate share hospitals and Yuma Regional Medical Center to \$5,000 each. As session law, permit local jurisdictions to provide additional local match for Pool 5 distributions. 6, 10, 28
- 52. As session law, require agency to report to JLBC and OSPB on any supplemental hospital payments paid to Critical Access Hospitals (CAH) in FY 2016. As permanent law, allow political subdivisions, tribal governments or universities to provide the state match contribution for federal CAH funding. 4,18

*Erroneous Payments*

- 53. As session law, continue to permit AHCCCS to recover erroneous Medicare payments made due to errors by the federal Social Security Administration. Subject to legislative appropriation, any credits 20

received may be used to pay for the AHCCCS program in the year they are received.

*Available Funding*

54. As session law, continue to state that it is the intent of the Legislature that AHCCCS implement a program within its available appropriation. 25

*Reports*

55. As session law, continue to require AHCCCS to submit a report by December 1, 2015 on utilization of emergency departments for non-emergency use by AHCCCS enrollees. 22
56. As session law, continue to require AHCCCS and DHS to submit a joint report by January 1, 2016 on hospital costs and charges. 23

**Department of Health Services**

57. As session law, revise language regarding counties' cost of care of Sexually Violent Persons (SVP) at the Arizona State Hospital to clarify that all counties are required to pay 31% of their total SVP costs in FY 2016, which is comparable to the FY 2015 cost-sharing. Require counties to pay SVP costs throughout the entire commitment process, including pre-adjudication proceedings. 8
58. As session law, continue to require all cities and counties to pay 100% of cost of Restoration to Competency treatment in FY 2016. Allow counties to use any source of county revenue to make the transfers. 9
59. As session law, continue to notwithstanding A.R.S. § 36-773 to permit DHS to use Tobacco Tax and Health Care Fund - Health Research Account for Alzheimer's disease research. 21
60. As permanent law, establish 4 separate funds that DHS must use for intergovernmental/interagency service agreements. 2
61. As permanent law, delete a DHS homeland security allocation and reporting requirement pursuant to A.R.S. § 41-4255. 5
62. As session law, place "hard cap" limiting capitation rate increases to 1.5% and FY 2017 in FY 2018. 27
63. As session law, authorize agency to reduce provider rates by a cumulative total of up to (5)%; would exclude nursing facility, developmental disability, and home and community based services rates. Permit agency to reduce provider rate reduction if capitation rate increase in FY 2016 is less than 3.0%. 17
64. As session law, require the department to report to JLBC and OSPB Directors on efforts to increase third-party liability payments for behavioral health services. 24

**NOTE:** See Consolidation BRB for Behavioral Health transfer to AHCCCS

**HIGHER EDUCATION - CHAPTER 16 (SB 1477)**

**Arizona Community Colleges**

65. As permanent law, eliminate Maricopa and Pima districts' operating and Science, Technology, Engineering and Mathematics (STEM) and Workforce Programs funding. 3, 4
66. As session law, continue to suspend STEM and Workforce Programs funding formula for FY 2016 and specify the funding in the General Appropriation Act. 9
67. As permanent law, permit a qualifying Indian tribe to enter into a compact with the state by September 1, 2017 to receive a share of Transaction Privilege Tax revenues for tribal community and technical colleges. 7

**Department of Education**

68. As permanent law, establish the Tribal College Dual Enrollment Program Fund, which is subject to legislative appropriation. 2

**Commission for Postsecondary Education**

69. As permanent law, permit use of private contractors to collect outstanding Postsecondary Education Grant (PEG) debt. 6
70. As permanent law, permit use of Postsecondary Education Voucher Fund monies in the administration of the PEG program. 5

**Arizona State Lottery Commission**

- 71. As permanent law, transmit 15%, but not to exceed \$160,000, annually of unclaimed Lottery prize money to the Tribal College Dual Enrollment Program Fund. 1

**Universities**

- 72. 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 (AFAT). 8

**HUMAN SERVICES - CHAPTER 18 (SB 1479)**

**Department of Child Safety**

- 73. As session law, continue to require the department to report with the Early Childhood Development and Health Board on collaborative efforts on child welfare issues. 7
- 74. As session law, require the Auditor General to evaluate the department’s removal processes, the department’s permanency practices, and the effectiveness of a differential response system. 6

**Department of Economic Security**

- 75. 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. 5
- 76. As session law, continue to permit DES to reduce income eligibility levels for all child care programs. Require DES to report to the JLBC within 15 days of any change in levels. 4
- 77. As permanent law, require DES to transfer any FY 2015 equity balance from capitated payments in the Long Term Care System Fund to the General Fund by June 30, 2016. Require DES to report the transfer amount to JLBC. 2
- 78. As permanent law, reduce cumulative TANF participation eligibility from 24 to 12 months, effective July 1, 2016. 3
- 79. As permanent law, allow DES to contract with new private intermediate care facilities to serve the developmentally disabled population. 1

**K-12 EDUCATION - CHAPTER 15 (SB 1476)**

**Department of Education**

*JTEDs*

- 80. As session law, continue to fund state aid for Joint Technical Education Districts (JTEDs) with more than 2,000 Average Daily Membership (ADM) students at 95.5% of the formula requirement and reduce budget limits accordingly. These JTEDs would receive 95.5% of 92.5% of Base Support Level (BSL) funding starting in FY 2017 (*see next provision*). 15
- 81. As permanent law, require the district and charter BSL for students who attend JTEDs to be funded at 92.5%, effective July 1, 2016, except that districts and charters sending students to a JTED centralized campus will still receive full BSL funding for them. 3
- 82. As permanent law, do not allow a school district to prohibit or discourage students from attending a JTED. 3
- 83. As permanent law, allow a school district or charter school that experiences a funding loss due to the 92.5% BSL funding factor for JTED students to use a portion of their JTED satellite funding to offset the loss, up to the amount of the loss. 3

*Formula Requirements*

- 84. As permanent law, increase the base level (A.R.S. § 15-901B2), the transportation funding levels (A.R.S. § 15-945A5) and the charter school “Additional Assistance” amounts (A.R.S. § 15-185B4) by 1.59% for standard inflation. 1, 4, 6

*Funding Formula Changes*

- 85. As session law, reduce school districts’ Additional Assistance state aid by \$352,442,700 (\$238,985,500 continuing and \$113,457,200 new) and reduce budget limits accordingly. As session law, continue to reduce District Additional Assistance funding to school districts that do not receive state aid in FY 2016 by the amount that would be reduced if they did qualify for state aid for FY 2016 11

and reduce budget limits accordingly.	
86. As session law, require all school districts to hold a public meeting to discuss or present their plans for reductions pertaining to District Additional Assistance funding. Require a “C”, “D” or “F” school to allow the community to submit comments or recommendations on the reductions within 30 days of the meeting and require the governing board to consider the comments or recommendations at a subsequent public meeting. Require the governing board of all school districts to include the percentage of classroom spending in the school district’s adopted budget on the page of the budget that governing board members sign.	11
87. As session law, state that it is the intent of the Legislature and Governor that school districts increase the total percentage of classroom spending in the combined categories of instruction, student support and instructional support as defined by the Auditor General.	11
88. As session law, reduce Charter Additional Assistance by \$18,656,000 (\$15,656,000 continuing and \$3,000,000 new).	13
89. As session law, continue to reduce Charter Additional Assistance funding to school districts with charter schools that do not receive state aid by the amount that would be reduced under the \$18,656,000 statewide Charter Additional Assistance suspension if they did qualify for state aid for FY 2016 and reduce budget limits accordingly.	13
90. As permanent law, make multi-site charters with more than 600 combined K-8 or high school ADM ineligible for charter small school weight funding, phased-out over 3 years.	1
91. As session law, continue to cap total District Additional Assistance reductions for school districts with fewer than 1,100 students at \$5,000,000.	12
92. As permanent law, phase out pre-2014 district-sponsored charter schools over 2 years. Funding for district-sponsored charter schools started after FY 2013 continues to be eliminated in FY 2016, as specified under current law.	17
93. As permanent law, cap the state’s share of the 1% cap, or the amount of homeowners’ primary property taxes from all taxing jurisdictions exceeding 1% of the full cash value of their home, at \$1,000,000 per county. Require Property Tax Oversight Commission to compute amounts of foregone state funding to be provided by taxing jurisdictions to school districts.	7
94. As permanent law, eliminate the “hold harmless” for school districts with declining enrollments starting in FY 2017.	4
95. As session law, require ADE to notify school districts by December 15, 2015 how it plans to implement current year Average Daily Membership funding in FY 2017 and report the estimated fiscal impact by district.	18
<i>Other</i>	
96. As session law, continue to require community colleges and universities to transfer \$6 per pupil to ADE by December 1, 2015 for deposit into the Education Learning and Accountability Fund.	10
97. As session law, continue to stipulate that \$100,000 of the \$3,646,400 School Safety Program appropriation for FY 2016 is to be used for a pilot program on school emergency readiness and establish requirements for the pilot program.	14
98. As permanent law, repeal the Student Success Fund.	5
<b>School Facilities Board</b>	
99. As permanent law, require the board to report annually to the JLBC by December 31 on all Class B bond approvals by school districts in that year, and require school districts to report their information to SFB by December 1.	8
100. As session law, allow the School Facilities Board to refinance existing lease-purchase debt.	16
101. As permanent law, transfer from ADE to the School Facilities Board a requirement to annually publish a list of vacant and unused buildings that may be suitable for operation of a charter school and require the list to be submitted to the Governor, President of the Senate, Speaker of the House, and Secretary of State.	2
102. As permanent law, establish the Access Our Best Public Schools Fund, which is subject to legislative appropriation, except that grants, gifts and donations are continuously appropriated.	9

## REVENUE - CHAPTER 10 (SB 1471)

### Arizona Department of Agriculture

103.As session law, continue fee raising authority and an exemption relating to establishing fees for the Arizona Department of Agriculture in FY 2016. The bill continues an intent clause that limits additional revenues to \$357,000. 14

### Arizona Commerce Authority

104.As permanent law, repeal the Job Training tax as of January 1, 2016. 2-4, 10, 22

### Counties and Cities & Towns

105.As session law, continue to allow counties with a population below 200,000 in the 2010 decennial census to use any source of county revenue to meet a county fiscal obligation for FY 2016. Requires counties using this authority to report to the Director of the JLBC on the intended amount and sources of funds by October 1, 2015. Laws 2015, Chapter 323 modifies this provision by extending the flexibility to counties with populations between 200,000 and 900,000, and limiting the total amount for those counties to \$1,000,000 of county revenue each. 18

106.As permanent law, conform the Phoenix Convention Center debt service distribution in A.R.S. § 42-5030 to the distributions contained in A.R.S. § 9-602, which were modified to conform to the actual debt service payments of the Phoenix Convention Center financing. 6

107.As session law, modify the JLBC's reporting requirements relating to the fiscal impact of government property excise tax (GPLET) rates by requiring counties to provide the JLBC Staff with the information necessary to complete the report, eliminating a report section pertaining to the determination of the property tax levy per square foot, and permitting the JLBC Staff to sample leases to produce the report. 9

108.As permanent law, add the JLBC Staff to the list of recipients of GPLET payment information produced by counties and currently reported to the Department of Revenue. 8

### Department of Financial Institutions

109.As session law, continue to allow the Department of Financial Institutions to use the Financial Services Fund for general operating expenditures of the department. 17

110.As session law, extend the permission for the agency to spend up to \$850,000 from the Receivership Revolving Fund in FY 2015 for information technology upgrades into FY 2016. This permission was originally extended from FY 2014 into FY 2015. 11

### Department of Insurance

111.As session law, continue to suspend the requirement that fees collected by the department be between 95% and 110% of the department's appropriation. 15

112.As permanent law, require the Department of Insurance to report Insurance Premium Tax credit information for a given fiscal year within 3 months of the end of a fiscal year. 1

### Department of Liquor Licenses and Control

113.As session law, extend the permission for the agency to spend its FY 2015 appropriation of \$626,700 for its licensing and imaging system upgrade through FY 2016. 16

### Department of Public Safety

114.As session law, reduce the FY 2017 shift of Highway Patrol costs from HURF to the General Fund from \$60,000,000 to \$30,000,000. 12

### Radiation Regulatory Agency

115.As session law, continue fee raising authority and an exemption relating to establishing fees for the Radiation Regulatory Agency in FY 2016. The bill continues an intent clause that limits additional revenues to \$561,000. 13

**Department of Revenue**

- 116.As permanent law, require the department to charge a fee in FY 2016 to non-program cities to cover costs associated with capturing sales tax data with sufficient specificity in order to program that capability into the Taxpayer Accounting System. The monies would be deposited into the department’s IGA and ISA Fund. Permits cities to meet their obligation from any source of city revenue and excludes contributions from expenditure limits. States legislative intent that fees be equal to \$0.76 multiplied by the city’s population. 5, 7, 21
- 117.As session law, permit the department to use up to \$2,000,000 of sales tax collected by private contracted collectors to pay for services of the contracted collectors. 20
- 118.As permanent law, require the department to charge a fee to local governments to recover a portion of costs incurred in providing administrative and collection services to local governments. The monies would be deposited into the Department of Revenue Administrative Fund. Permits local governments to meet their obligation from any source of revenue and excludes contributions from expenditure limits. States legislative intent that fees not exceed \$20,755,835 and be allocated between cities and towns and counties based on the prorated share of all revenues distributed to them (excluding Highway Urban Revenue Fund money). Laws 2015, Chapter 323 modifies this provision by adding the Maricopa Association of Governments and the Pima Association of Governments to the group of local governments that pay the fee charged by the department. 5, 7, 21
- 119.As session law, implement a tax amnesty program from September 1, 2015 through October 31, 2015 for unpaid individual income, corporate income, and transaction privilege tax liabilities. This applies to annual taxpayers’ tax years ending before January 1, 2014 and February 1, 2015 for all others. 19

**GENERAL APPROPRIATION ACT PROVISIONS - CHAPTER 8 (SB 1469)**

These provisions are in addition to the individual agency appropriations.

**Arizona Department of Administration**

- 120.As session law, provide ADOA the FY 2016 appropriation authority to spend certain Automation Projects Fund remaining balances as of June 30, 2015 for the same respective purposes specified in FY 2015 after a report to JLBC. Provide ADOA the FY 2016 appropriation authority to spend the remaining balance from the FY 2014 appropriation for replacing the Department of Corrections inmate management system. 126
- 121.As session law, reduce the FY 2015 \$25,000,000 General Fund appropriation to the department for costs associated with the establishment of the Department of Child Safety and the relocation of the DES data center by \$5,500,000 and make non-lapsing through FY 2016. 4
- 122.As session law, permit the department to use Risk Management funds to settle FY 2014 federal financial participation claims. Permit department to use the Health Insurance Trust Fund for its FY 2014 claims. 112

**AHCCCS/Department of Health Services**

- 123.As session law, permit AHCCCS to transfer up to \$10,000,000 of its FY 2015 appropriation to DHS for Medicaid behavioral health services upon prior review by JLBC. 114

**Department of Child Safety**

- 124.As session law, continue the \$11,000,000 payment deferral to providers from FY 2016 to FY 2017. Appropriate \$11,000,000 in FY 2017 for these deferred payments. 140

**Arizona Commerce Authority**

- 125.As session law, in accordance with statute (A.R.S. § 43-409), allocate \$26,500,000 of General Fund withholding tax revenue to the Authority in FY 2016. Permanent law language reducing distribution from \$31,500,000 found in Government BRB. 127

<b>Corporation Commission</b>	
126.As session law, extend the permission for the agency to spend its \$750,000 FY 2015 Securities Regulatory and Enforcement Fund appropriation for a database upgrade in FY 2016.	115
<b>Counties and Cities &amp; Towns</b>	
127.As session law, to appropriate \$550,000 to all counties with populations under 200,000 people according to the 2010 Census. This is a reduction from the 900,000 person threshold in the FY 2015 budget. As session law, continue to appropriate \$500,000 to Graham County.	125
128.As session law, in accordance with statute (A.R.S. § 9-601), continue to appropriate \$20,449,000 from the General Fund for the Phoenix Convention Center.	130
129.As session law, provide an estimate of \$10,000,000 for the amount of sales tax revenues that will be distributed to the Rio Nuevo Multipurpose Facility District-in accordance with statute (A.R.S. § 42-5031).	131
<b>Commission for the Deaf and the Hard of Hearing</b>	
130.As session law, extend the permission for the agency to spend up to \$220,000 from the Telecommunication Fund for the Deaf in FY 2015 for information technology upgrades into FY 2016.	116
<b>Department of Economic Security</b>	
131.As session law, continue the \$21,000,000 payment deferral to providers from FY 2016 to FY 2017. Appropriate \$21,000,000 in FY 2017 for these deferred payments.	141
<b>Department of Education</b>	
132.As session law, continue to defer \$930,727,700 in Basic State Aid payments from FY 2016 to FY 2017. Appropriate \$930,727,700 in FY 2017 for these deferred payments. Continue to exempt school districts with less than 600 students from the K-12 rollover. Allow the Department of Education to make the rollover payment no later than July 12, 2016.	142
133.As session law, continue to require school districts to include in the FY 2016 revenue estimates that they use for computing their FY 2016 tax rates the rollover monies that they will receive for FY 2016 in July 2016.	142
<b>Independent Redistricting Commission</b>	
134.As session law, extend the permission for the agency to spend its \$1,462,701 FY 2014 General Fund appropriation into FY 2016.	120
<b>Universities</b>	
135.As session law, continue the \$200,000,000 universitywide payment deferral to the universities from FY 2016 to FY 2017. Appropriate \$200,000,000 in FY 2017 for these deferred payments.	143
<b>Water Infrastructure Finance Authority</b>	
136.As session law, repeal the \$1,000,000 FY 2015 General Fund appropriation to the Water Supply Development Revolving Fund.	5
<b>Debt Service</b>	
137.As session law, appropriate \$84,114,600 from the General Fund to the Arizona Department of Administration in FY 2016 for a debt service payment on the 2010 sale and lease-back of state buildings.	129
<b>Revenues</b>	
138.As session law, continue to specify revenue and expenditure estimates for FY 2015, FY 2016, FY 2017, and FY 2018.	150
139.As session law, continue to require the Executive Branch to provide JLBC preliminary estimates of FY 2015 ending balances by September 15, 2015. Require JLBC Staff to report to JLBC by October 15, 2015 as to whether FY 2016 revenues and ending balance are expected to change by more than \$50,000,000 from budgeted projections.	150

**Statewide**

- 140.As session law, appropriate \$1,900,000 from the General Fund and \$5,667,800 from Other Appropriated Funds in FY 2016 for AFIS collections. The JLBC Staff shall determine and ADOA shall allocate these adjustments to individual agencies to permit them to pay the charge. 144
- 141.As session law, ex-appropriate \$(16,200,000) from the General Fund and \$(8,561,500) from Other Appropriated Funds in FY 2016 for an employer health insurance contribution reduction. The JLBC Staff shall determine and ADOA shall allocate these adjustments to individual agencies to reflect the reduced contribution amount. 144
- 142.As session law, continue to specify FY 2016 individual agency charges totaling \$1,809,500 for general agency counsel provided by the Attorney General. 145
- 143.As session law, continue to state legislative intent that all budget units receiving appropriations continue to report actual, estimated and requested expenditures in a format similar to prior years. 146
- 144.As session law, continue to require ADOA to compile a report on Full-Time Equivalent (FTE) Position usage in FY 2016 in all agencies and provide it to the JLBC Director by October 1, 2016. The Department of Economic Security, Universities, and Department of Environmental Quality are exempt from the report but are required to report separately. 147
- 145.As session law, continue to require each agency to submit a report to the JLBC Director by October 1, 2015 on the number of filled appropriated and non-appropriated FTE Positions by fund source as of September 1, 2015. 148
- 146.As session law, continue to require ADOA to report monthly to the JLBC Director on agency transfers of spending authority from one expenditure class to another or between programs. 149

**General**

- 147.As session law, continue to define “\*” as designating an appropriation exempt from lapsing. 151
- 148.As session law, continue to define “expenditure authority” as continuously appropriated monies included in individual line items of appropriations. 152
- 149.As session law, continue to define “review by the Joint Legislative Budget Committee” as a review by a vote of a majority of a quorum of the members. 153

**MAJOR FOOTNOTE CHANGES - CHAPTER 8 (SB 1469)**

The budget plan includes the following major modification of footnotes. This list does not include footnotes pertaining to one-time reports or appropriations.

**Department of Child Safety**

- 150.Laws 2015, Chapter 257 reestablishes a FY 2015 footnote requiring the department to issue a Request for Information on using private entities to address the backlog of nonactive cases and report the results to JLBC by October 1, 2015.

**State Department of Corrections**

- 151.Adds footnote that any changes in per diem rates for the inmate health care contracted services shall be reviewed by the JLBC. 26

**Department of Economic Security**

- 152.Adds footnote requiring agency to report to JLBC before transferring money into or out of Case Management and new DDD Operating Lump Sum line items. 32

**Arizona Department of Education**

- 153.Laws 2015, Chapter 310 reestablishes a footnote regarding the use of K-3 reading monies, but modifies the prior footnote to allow the Department of Education rather than the State Board of Education to use up to \$500,000 of the K-3 reading appropriation (previously \$1,500,000) for technical and state level administration of the program.

<b>Judiciary</b>	
154.Adds footnotes requiring all centralized service payments for counties, probation expenses, and automation costs to be funded solely from those particular line items.	59
<b>Department of Revenue</b>	
155.As session law, require the department to issue a Request for Proposals prior to awarding funding for a fraud prevention contract.	93
156.Adds footnote requiring the Department of Revenue to report to JLBC and OSPB on the amounts of individual income tax credits claimed in FY 2015.	93
<b>School Facilities Board</b>	
157.Adds footnote depositing \$23,900,000 into the Access Our Best Public Schools Fund and appropriating monies in the fund for use in establishing an Arizona public schools achievement district and the mechanisms by which it would operate. Requires JLBC review of expenditure plan prior to spending. Requires the Executive Branch to recommend proposed legislation to codify the mechanisms developed.	94
158.Adds footnote depositing \$1,000,000 from the Building Renewal Grants line item in FY 2015 into the Emergency Deficiencies Correction Fund. Requires any school district receiving monies from the fund in FY 2015 to report to the School Facilities Board a plan to improve the district's preventative maintenance of building systems.	124
<b>Universities</b>	
159.Deletes footnotes in Arizona State University - Tempe/Downtown Phoenix Campus, Arizona State University - East Campus, and Northern Arizona University budgets concerning parity funding since the FY 2015 budget concluded the parity initiative.	--
<b>Capital Outlay Bill</b>	
160.Deletes footnote exempting capital appropriations from lapsing unless the project has been finished, abandoned, or without expenditure or encumbrance for a full fiscal year. Replaces it with new footnote reverting any remaining monies from non-ADOT highway construction capital appropriations to fund of origin on June 30, 2017.	10