4th Special Session Fiscal Impact - Final

	$ in M
Spending Changes	
Department of Education	
-- Soft Capital Reduction to MOE level	$ (144.0)
-- Net K12 Formula Adjustments	6.6
Total Department of Education	($137.4)
Department of Economic Security	
-- Lump Sum/Other Reductions	(130.0)
(includes continuation of $77 M from 2009)	
-- Payment Deferral	(42.0)
-- Federal Match Rate Backfill	16.8
Total Department of Economic Security	$ (155.2)
Revenue Changes (General Revenue BRB) 1/	
Corporation Commission Public Access Fee Shift	$ 2.6
County Lottery Distributions	(4.1)
Racing Pari-Mutuel Fees	(5.3)
Unclaimed Property Acceleration	(73.6)
5-Year VLT Shift	(28.0)
Maricopa/Pima County Deposits	(22.0)
Total Revenue Impact	$ (130.4)
Total Spending and Revenue Savings	**$ (423.0)**
Foregone Spending Backfills 2/	
Agricultural Fees	$ (0.6)
Corporation Commission Public Access Fee Shift	(2.6)
Health Services Fee Shift	(0.6)
Land Department Fee Shift	(0.6)
Radiation Regulatory Agency Fee Shift	(0.5)
Dept. of Revenue Shift to Unclaimed Property	(24.5)
Total	$ (29.4)
Total Budget Savings with Foregone Spending	**$ (452.4)**
Other Fund Changes	
Use Risk Management Fund for 21st Century Fund Obligations	$ 18.5
Department of Economic Security	
-- Child Support Enforcement Administration Fund lump sum reduction	(0.8)
-- Public Assistance Collections Fund lump sum reduction	(0.1)
-- Special Administration Fund lump sum reduction	0.3
-- Spinal and Head Injuries Trust Fund lump sum reduction	0.6
-- Federal TANF Block Grant appropriation	9.6

1/ Negative amount represents revenue gain.

2/ The General Revenues Budget Reconciliation Bill would generate new revenue for agency budgets, which would backfill reductions already enacted in the General Appropriation Act. As a result, the state would forego having to backfill these budgets from the General Fund.

BUDGET RECONCILIATION BILLS - FINAL

K-12 EDUCATION BRB – (HB 2002 / SB 1002)

Department of Education		**Section**
1.	As session law, reduce state aid funding for Soft Capital by $(144) million statewide for FY 2010. 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 2010.	2
2.	As session law, reduce Soft Capital funding for school districts that do not receive state aid for FY 2010 by the amount that would be reduced if they did qualify for state aid for FY 2010.	2
3.	As session law, specify that to the extent possible, the Soft Capital reductions shall be taken against administrative costs, rather than classroom instruction.	2
4.	As session law, change the retroactivity date in the original K-12 Education BRB pertaining to the Early Graduation Scholarship Program from 9/26/2008 to 9/19/2007. This will eliminate funding losses that school districts experienced under the program in FY 2008 for students who graduated one semester early in FY 2007, as intended in the original K-12 Education BRB (which instead only eliminated those losses for FY 2009 and beyond).	1

GENERAL REVENUES BRB – (HB 2003 / SB 1003)

Arizona Department of Agriculture		**Section**
5.	As session law, permit the Arizona Department of Agriculture with the assistance of the Agricultural Advisory Council to adjust its fees in FY 2010. The bill includes as session law an intent statement that the news fees generate up to $561,000 of increased revenues. (This amount incorporates $172,000 in FY 2009 fees in FY 2010.) The session law requires the department to collect any difference between the old fee collected in FY 2010 prior to imposition of the new fee and that new fee. The bill also exempts the agency from rulemaking requirements until July 1, 2010.	23
Department of Commerce		
6.	As session law, allow the Risk Management Revolving Fund to be used in FY 2010 for a one-time appropriation to allow the Commerce and Economic Development Commission to pay unpaid obligations relating to the Arizona Twenty-First Century Competitive Initiative Fund. Appropriate $18,474,923 from the Risk Management Revolving Fund to the Commerce and Economic Development Commission for the payment of unpaid prior year obligations.	34, 35
Registrar of Contractors		
7.	As session law, allow 14% of prior fiscal year revenues from the Residential Contractor's Recovery Fund to be used for employee and contracted services, equipment, and for operational costs, rather than 10% of fund balance.	24
Corporation Commission		
8.	As permanent law, direct a portion of the fee for the annual report of domestic and foreign corporations, as appropriated by the Legislature, to the Public Access Fund for the Corporation Commission's operating expenditures. The fee is currently deposited in the General Fund. Retroactive to June 30, 2009.	4,5,38
9.	As permanent law, repeal existing annual registration fees for securities dealers and salesmen and provide authority for the Commission to set new fees by December 31, 2010. Existing fees would remain in effect until news fees are established. The bill includes as session law an intent statement that the new fees generate $800,000 of increased revenues. As permanent law, direct a portion of another fee from the General Fund to the Securities Regulation and Enforcement Fund.	13,14,30
Government Information Technology Agency		
10.	As permanent law, beginning in FY 2011, require all revenues from the State Web Portal be deposited in the State Web Portal Fund.	8
11.	As session law, limit the operating expenses exempt from appropriation to no more than $3 million in FY 2010.	25

Arizona Department of Housing

12. As permanent law, deposit the first $10.5 million in unclaimed property proceeds into the Housing Trust Fund. Retroactive to June 30, 2009. 12

Department of Insurance

13. As session law, notwithstand the requirement for the Department of Insurance to recover at least 95% but not more than 110% of the department's appropriated budget. Retroactive to November 30, 2009. 21

Lottery Commission

14. As session law, reduce FY 2010 Lottery distributions to the County Assistance Fund by $765,000, the Local Transportation Assistance Fund by $2,300,000, and the Local Transportation Assistance Fund II (Mass Transit) by $990,000. The total reduction is $4,055,000. 22
15. As permanent law, repeal the State Land Department's Community Protection Initiative Fund and Department of Environmental Quality's Water Supply Development Fund from the list of recipients of State Lottery Fund monies. 2,3

Office of Pest Management

16. As session law, allow the Office of Pest Management to increase its fees in FY 2010. The bill appropriates the revenue generated from the increased fees to the agency, and includes an intent clause that limits additional revenues generated by the fee increases to $875,000. The bill also exempts the agency from rulemaking requirements until July 1, 2010. Retroactive to November 30, 2009. 28

Department of Racing

17. As permanent law, require pari-mutuel proceeds to be distributed to the General Fund rather than to Racing funds. The bill also appropriates General Fund monies to current Racing fund recipients to partially offset loss of pari-mutuel taxes. Makes Racing funds non-appropriated since they will now receive only General Fund monies. *See Department of Revenue unclaimed property provision for details on total appropriation redirected from both sources.* 1

Department of Revenue

18. As permanent law, provide that the first $10.5 million in unclaimed property proceeds are to be deposited into the Housing Trust Fund, and the next $24.5 million goes to the Department of Revenue. Establishes the Department of Revenue Administrative Fund. Includes a retroactive clause to June 30, 2009. Appropriate $4,595,500 to various Racing programs and $2,963,200 to the Department of Revenue for administration and auditors. The estimated $173,100 to the Victims Compensation and Assistance Fund, $26,300 to the Utility Assistance Fund, and $11,200 to the Permanent School Fund would continue to be distributed as under current law. 9,12,38
19. As permanent law, accelerate by 2 years the length of time for all property types to be presumed abandoned and therefore unclaimed (from 5 years to 3 years), revised the time period for travelers' checks from 14 years to 3 years and money orders from 6 to 3 years. 7,10
20. As session law, require firms to notify clients of unclaimed property in their possession by March 1, 2010, and allow clients 90 days to claim the unclaimed property. The possession period is between July 1, 2008 and July 1, 2009. 33
21. As session law, continue the requirement for JLBC review of any BRITS contract extensions or modifications that increase the contractor's share of gain-sharing proceeds from state revenues during FY 2010. Retroactive to June 30, 2009. 31,38
22. As session law, provide that the Department of Revenue may utilize up to $2 million of General Fund in FY 2010 revenues to pay BRITS operational support costs after JLBC review. Retroactive to June 30, 2009. 31,38
23. As session law, provide that if 12.5% of the dollar value of properties recovered by unclaimed property contract auditors exceeds $1,770,000 in FY 2010, the excess amount will be transferred to the DOR Administrative Fund and appropriated to DOR for contract auditor fees. 32

Arizona Department of Transportation

24. As permanent law, change A.R.S. § 28-3002A7 to remove the cap on fees for duplicate drivers licenses. 6
25. As session law, provide 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 state General Fund. 29

Revenues

26.	As session law, repeal the fee raising authority, appropriations, and rule making exemptions pursuant to Laws 2008, Chapter 291, Section 12 for the Department of Public Safety and the Department of Environmental Quality. Continue FY 2009 fee raising authority for the Department of Health Services, the Radiation Regulatory Agency, and the State Land Department for FY 2010. 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, and $500,000 for the Radiation Regulatory Agency. The bill also exempts the agency from rulemaking requirements until July 1, 2010. Retroactive to June 30, 2009.	20,27
27.	As permanent law, changes the end of the state's General Fund contribution to the Rio Nuevo multipurpose facility district from 2025 to the earlier of that date or the completion of the currently scheduled debt service payments. The bill provides that no state funds may be used for operating expenses of the facility, nor for any costs that qualify for funding from the Arizona Convention Center Development Fund. The bill also provides for a performance audit of the district beginning in 2010. The bill specifies that the district's Board of Directors consist of 9 members, 5 to be appointed by the Governor, and 2 each to be appointed by the President of the Senate and the Speaker of the House. The bill provides that, until a notice to proceed is issued for a hotel and convention center, distributed funds may only be used for debt service on bonds issued before January 1, 2009, administrative expenses, contractual obligations incurred before June 1, 2009, and the design and construction of the hotel and convention center. The bill also requires the establishment of a web-site database reporting revenues and expenditures of the district, and requires the posting of annual financial reports on the web-site. Retroactive to June 30, 2009.	10,15-19,36,38
28.	As session law, require Maricopa County to transfer $19,014,600 and Pima County to transfer $2,985,400 into the General Fund, for a total transfer of $22 million. Exempt these contributions from county expenditure limitations. Allows counties to use any source of county revenue to make the transfers.	26

Other

29.	The bill includes an emergency clause.	39