

**8/20**  
**BUDGET LEGISLATION SUMMARY**  
**As Transmitted to the Governor**

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- Compared to June 30 plan, provisions have been deleted if already enacted into law in separate legislation. These provisions are shown as being stricken through.
- Compared to June 30 plan, any new provision is displayed in bold, unless otherwise noted.

August 20, 2009

## HOUSE AND SENATE CRIMINAL JUSTICE BRB – HB 2010

<b>Attorney General</b>	<b><u>Section</u></b>
1. As session 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.	28
2. As session law, continue to permit the use of monies available in the Collection Enforcement Revolving Fund for any operating expenses incurred by the Attorney General.	35
 <b>State Department of Corrections</b>	
3. As session law, permit the use of monies appropriated to the Transition Office Fund for any operating expenses related to the Transition Program.	27
4. As session law, require the department to report actual FY 2009, estimated FY 2010, and requested FY 2011 expenditures as delineated in the FY 2010 General Appropriation Act when the department submits its FY 2011 budget request pursuant to A.R.S. § 35-113. Retroactive to September 30, 2009.	26
5. As session law:	26
• Require ADC to issue a Request for Information (RFI) by October 1, 2009, for purpose of privatizing correctional health services, including medical and dental services. The RFI shall be submitted to JLBC for review prior to issuance. Retroactive to September 30, 2009.	
• Require ADC to issue a Request for Proposal (RFP) to privatize correctional health services, including medical and dental services that are provided within state owned and operated prison facilities. ADC shall submit to JLBC for review, the proposed RFP by January 1, 2010, and shall award a contract by May 1, 2010. Retroactive to September 30, 2009.	
6. As session law:	33
• Require ADOA, in consultation with ADC, to issue a RFI by October 1, 2009, for purposes of identifying the feasibility of a concessions agreement. ADOA shall submit the RFI to JCCR for review prior to publication. Retroactive to September 30, 2009.	
• Authorize ADOA, in consultation with ADC, to issue an RFP for a concession agreement allowing a private vendor(s) to operate Arizona State Prison Complex facilities. The concession agreement shall: 1) result in an upfront payment to the state, 2) exclude ASPC – Yuma from being part of the concession agreement, and 3) require annual efficiency savings to be split 50/50 between the state and private vendor. The RFP shall be submitted to JCCR for review by April 1, 2010 and the proposed contract shall be submitted to JCCR for review prior to award. It is the intent of the Legislature that the up front payment to the state generates a total of \$100 million. Retroactive to September 30, 2009.	
7. As session law, authorize ADOA to enter into one or more sale and simultaneous lease-purchase agreements in FY 2010 for existing state-owned facilities, including prison facilities. The lease-purchase agreements shall: 1) result in proceeds totaling \$735,419,300 to the General Fund in FY 2010, with not more than \$250 million prior to December 31, 2009, 2) be for a fixed term of up to 20 years, 3) result in an initial lease-purchase payment in FY 2011, and 4) require ADC, other state agencies and boards, including any private contractors, to maintain operations at the facilities in which are sold and simultaneously leased back. ADOA shall complete the transaction by June 30, 2010 and consult with ADC if a transaction involves a state-owned prison facility.	32
8. As permanent law, require the department to utilize the Arizona Health Care Cost Containment System rate structure for health care services not directly delivered by the department or a private prison provider.	17
9. As session law, allow ADC to utilize any non-appropriated monies for unpaid health care costs associated with services rendered in FY 2008.	36
10. As session law, allow ADC to utilize any non-appropriated monies for any start-up and operating costs associated with the 4,000 new state beds located at the Yuma (2,000 beds), Perryville (1,000 beds), and Tucson (1,000 beds) prison complexes.	38

11. As session law: 37
- Authorize ADC to issue an RFP for 5,000 new private prison beds to be located in this State. The RFP shall: 1) allow the award of one or more contracts, 2) permit a private prison vendor to bid on all or a portion of the beds, 3) allow the beds to be located at new, existing or expanded facilities, 4) specify a contract period not to exceed 20 years, and 5) be submitted to the JLBC for review by November 1, 2009.
  - Require ADC to award all contracts by June 30, 2010.
  - Direct ADC to submit a report to the JLBC, by the end of each calendar quarter and until the beds have been occupied, on the status of these beds.

#### Board of Executive Clemency

12. As session law, continue to have the Chairman also act as the Executive Director in FY 2010. Retroactive to July 1, 2009. 34
13. As session law, limit members of the Board of Executive Clemency, excluding the chairman, from working more than 30 hours per week and restricts them from being eligible for paid leave or any other benefits provided to state employees. Retroactive to July 1, 2009. 34

#### Arizona Criminal Justice Commission

14. As session law, require the Arizona Drug and Gang Prevention Resource Center to enter into an IGA with ACJC for \$235,200 to fund the Arizona Youth Survey. 30

#### Judiciary

15. As permanent law, increase the JCEF Probation Surcharge from \$10 to \$20. 2
16. As permanent law, increase the adult intensive probation fee from \$50 to \$75. 7,13,14
17. As permanent law, increase the adult standard probation caseload ratio from 60:1 to 65:1. 3
18. As session law, eliminate 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. Require these reports to be submitted electronically in FY 2012. 1,4,-6,9, 10,11,24
19. As session law, 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. 23
20. As permanent law, amend A.R.S. § 28-3396 to require the initial \$10.4 million in revenue in each fiscal year resulting from the \$45 surcharge for all persons who elect to take a defensive driving course in lieu of paying the civil traffic violation fine be deposited into the Crime Laboratory Operations Fund. Any revenues in excess of \$10.4 million shall be deposited into the General Fund. Currently, all revenues from the surcharge (approximately \$10.8 million) are deposited into the General Fund and generate \$10.8 million annually. Retroactive to July 1, 2009. 12,40
21. As permanent law, amend A.R.S. § 13-916 to expand the definition of an adult intensive probation team to two adult probation officers. Currently, an adult intensive probation team may consist of one adult probation officer and one surveillance officer, or one adult probation officer and two surveillance officers. 8

#### Department of Public Safety

22. As session law, continue to suspend the schedule established by A.R.S. § 28-6537 and A.R.S. § 28-6993 governing the level of HURF and State Highway Fund revenues available to fund DPS' Highway Patrol costs. 22
23. As session law, reduce the \$3,484,000 appropriated in FY 2010 by Laws 2007, Chapter 261 from the DNA Identification System Fund to \$980,000. 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. 21
24. As permanent law, establish the Crime Laboratory Operations Fund, consisting of the \$45 Defensive Driving Surcharge, formally deposited into the General Fund. DPS shall administer the fund and monies in the fund are subject to legislative appropriation. Monies in the fund shall be used for costs associated with scientific analysis and crime laboratory operations. Revenues into the fund in are anticipated to be \$10.4 million in FY 2010. Retroactive to July 1, 2009. 19,40
25. As session law, continue to redirect 9% of CJEF revenues, formally deposited into the General Fund, to DPS to fund the department's crime laboratory operations. These monies will be deposited into DPS' Crime Laboratory Assessment Fund. 29

26. As session law, continue to exempt state photo enforcement citations from being included in judicial productivity credit calculations in FY 2010. Retroactive to July 1, 2009. 18,31,40

**State Treasurer**

27. As session law, fund the state share of JP salaries at 19.25% in FY 2010. Retroactive to July 1, 2009. 25
28. As permanent law, require that the 11.70% of criminal justice enhancement monies for county sheriffs be allocated through the State Treasurer's office rather than ADC. The allocation of these monies will continue to be distributed in accordance with the rules adopted by ACJC. 20

**Retirement**

29. As permanent law, require all new dispatchers hired after the bill's effective date to participate in ASRS instead of CORP. 16
30. As permanent law, prohibit certain earnings from third party jobs from being calculated towards retirement benefits for those in PSPRS. Earnings resulting from third party contracts between public agencies for law enforcement, training, wildfire, and emergency management activities will continue to be calculated towards retirement benefits. 15

## HOUSE AND SENATE ENVIRONMENT BRB - HB 2014

<b>Arizona Department of Agriculture</b>	<b><u>Section</u></b>
1. As permanent law, increase the requirement for livestock/animal disease inspection from within 12 hours to within 48 hours.	1
 <b>Department of Environmental Quality</b>	
2. As session law, continue to suspend the UST Revolving Fund Assurance Account administrative cap for FY 2010, as was done in FY 2008 and FY 2009, to allow the department to utilize up to \$6,531,000 for program operating costs.	17
3. As session law, allow sanitation districts of less than 50,000 population, as well as cities and counties of any size, to accept loans through the Water Infrastructure Financing Authority without requiring an election, so as to be able to use American Recovery and Reinvestment Act (ARRA) funds, and specifies that the provision also applies if ARRA requires matching funds from the local entity.	19
 <b>Land Department</b>	
4. As session law, shift the statutory \$3,000,000 Fire Suppression appropriation from the General Fund to the State Parks Heritage Fund. The appropriation from the Heritage Fund will be made as two appropriations of \$1,500,000, the first on January 1, 2010 and the second on April 1, 2010. At the end of calendar years 2009 and 2010, the unobligated balance in the Fire Suppression Fund above \$2,000,000 reverts to the Heritage Fund.	12, 13
5. As permanent law, establish the Trust Management Fund and allow the department to retain up to 10% of annual permanent fund receipts to manage the land trust. Require the department to revert \$7,077,500 to the General Fund by June 30, 2010, and appropriate \$9,773,500 from the Trust Management Fund. <b>This provision is retroactive to July 1, 2009.</b>	2-9, 18, 21, 23
6. As session law, deposit \$600,000 in fee revenue collected by the department into the Trust Management Fund. The revenue ordinarily goes to the General Fund. <b>This provision is retroactive to July 1, 2009.</b>	20
 <b>Arizona State Parks Board</b>	
7. 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.	16
8. As session law, continue to allow the use of \$692,100 from the Off-Highway Vehicle Recreation Fund for agency operating costs.	15
9. As permanent law, allow interest earnings from the Land Conservation Fund above \$500,000 to be used for operating state parks.	10
 <b>Department of Water Resources</b>	
10. As permanent law, specify more detailed financial reporting on Nevada Water Banking revenues.	11
11. As session law, continue to suspend the requirement for a \$5 million General Fund appropriation to the Water Protection Fund in FY 2010.	14

## HOUSE AND SENATE GENERAL GOVERNMENT BRB – HB 2008

	<u>Section</u>
<b>Board of Accountancy</b>	
1. As permanent law, allow members of an advisory committees appointed by the board to be compensated at the same per diem rate as the board (\$100 per day plus actual expenses).	11, 12
2. As permanent law, allow an accountant certified in another state and operating under a reciprocity agreement in Arizona to cancel their certificate in the same manner as a state certified accountant.	13
<b>Arizona Department of Administration</b>	
3. As session law, repeal authority to enter into a 15-year \$7.5 million lease-purchase agreement for design and construction of a state emergency operations center.	23
4. As session law, require ADOA to allow vendors to demonstrate Business Intelligence software. Require ADOA to enter into a contract only if the vendors agree to receive payment through savings realized from the software. Require ADOA to report annually to JLBC and JLAC on savings.	36
<b>Office of Administrative Hearings</b>	
5. As session law, suspend the requirement that the office hear appealed actions and contested cases within 60 day of the filing.	37
<b>Department of Commerce</b>	
6. As session law, amend Laws 2004, Chapter 235, Section 14 to reduce the Military Installation Fund deposit by \$(2,800,000) in FY 2010.	25
7. As session law, amend Laws 2007, Chapter 260, Section 6 to eliminate the FY 2010 \$25 million advance appropriation to the 21 <sup>st</sup> Century Fund.	22
8. As session law, allow the department to use the Lottery Fund, Bond Fund and Commerce and Economic Development (CEDC) Fund for operating.	39
<b>Corporation Commission</b>	
9. As session law, for FY 2010, change the timing of mutual fund notice filing fee deposits to the General Fund from continuously deposited to January and June.	33
<b>Board of Cosmetology</b>	
10. As permanent law, extend the deadline for aestheticians to become certified for laser use with the Radiation Regulatory Agency to October 1, 2010.	10, 15
<b>Department of Emergency &amp; Military Affairs</b>	
11. As session law, reduce the aggregate amount of liabilities that may be incurred under any emergency declared by the Governor pursuant to A.R.S. § 35-192 from \$4.0 million to \$2.9 million.	26
<b>Department of Insurance</b>	
12. As permanent law, allow the director to decide whether or not to require a private mortgage insurance company to cease transacting new business if the company fails to meet the minimum collateral to insured mortgage liability ratio. Under current law, a company failing to meet the ratio must cease transacting new business.	9
13. As session law, allow the department to use up to \$100,000 from the Captive Insurance Regulatory and Supervision Fund for operating.	40
<b>Department of Liquor Licenses and Control</b>	
14. As permanent law, establish the Liquor Licenses Fund, consisting of a portion of the fees collected for license applications and annual license renewals, as well as the proceeds from the liquor license lottery up to the amount appropriated from the fund for agency operations. Require the reversion of any year-end balance over \$700,000 to the General Fund. As session law, allow an additional \$700,000 to be deposited in the fund in FY 2010.	3, 4, 38
<b>Nursing Board</b>	
15. As permanent law, eliminate General Fund funding for fingerprinting, but continue to require each applicant for initial nursing assistant certification to submit a full set of fingerprints to the board for the purpose of obtaining a state and federal criminal records check.	14

**Personnel Board**

16. As permanent law, increase the personnel pro rata charge from 1.07% to 1.10% of payroll and direct the increase to be deposited in a separate subaccount of the Personnel Division Fund to be used for the operations of the Personnel Board. Retroactive to July 1, 2009. 20, 47

**Secretary of State**

17. ~~As session law, allow the Secretary of State to replace the existing phone system with a Voice over Internet protocol (VoIP) system, subject to Legislative appropriation.~~ Enacted as separate legislation.
18. As permanent law, allow the Secretary of State to publish the Landlord and Tenant Act online instead of hard copy. 18
19. As permanent law, eliminate the prohibition on using state monies for the health care directives registry. 19

**Office of Tourism**

20. As session law, suspend the Tourism funding formula in A.R.S. § 42-5029. 27

**Department of Transportation**

21. ~~As permanent law, change the cap for Aviation Fund grants from 10% of the fund balance to 10% of the average revenues for the previous 3 years.~~ Enacted as separate legislation.
22. As session law, allow the Transportation Board to sell \$200 million of Board Funding Obligations to a financial institution if they are not purchased by the Treasurer. Require prior review by the JCCR. 35
23. As session law, allow the director to transfer \$10 million from a STAN subaccount to fund the Williams Gateway land acquisition project previously approved by the Transportation Board. 43

**Statewide**

24. As permanent law, require proof of lawful presence in the United States to receive state and local public benefits, excluding licensure and ASRS, PSPRS, CORP and EORP retirement benefits. The bill adds a list of acceptable documents to demonstrate lawful presence. If state or local administered federal programs require proof of lawful presence, the same list of documents applies to the extent permitted by federal law. The bill permits substitute documentation described in the Federal Deficit Reduction Act for tribal members, the elderly and the disabled. These provisions do not apply if it would diminish the State's ability to receive American Recovery and Reinvestment Act (ARRA) stimulus monies 1, 2
25. As session law, specify that any non-lapsing monies appropriated from the General Fund that remain unexpended or unencumbered at the close of FY 2010 shall be counted as part of the closing balance. 30
26. As session law, require agencies to report on use of ARRA Funds by October 1. Allow the reports to be transmitted electronically by posting them on the State's stimulus tracking website. Retroactive to October 1, 2009. 29
27. 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. Retroactive to July 1, 2009. 31
28. As session law, allow agencies to implement a furlough for FY 2010 and directs ADOA to prescribe implementation procedures. Also, exempt ADOA from rule making requirements for the purpose of prescribing procedures. 32
29. As permanent law, allow counties to implement furloughs for civil services employees to address budget shortfalls or structural imbalances without an appeals process. 7
30. ~~As permanent law, the Trailer BRB allows county offices to institute a compressed work week.~~ Enacted as separate legislation.
31. As session law, notwithstanding A.R.S. § 35-121 to permit annual budgets for all departments. 24
32. As session law, prohibit all state agencies from adopting rules that result in monetary or regulatory cost increases to other agencies, political subdivisions, or Arizona citizens in FY 2010. Exempts rules to comply with court orders, federal laws or constitutional requirements; to address imminent threats to public health or safety; rules with specific authorization or requirement of the Legislature; other exemptions for rules not covered by Title 41, Chapter 6; exemptions authorized by the Governor or rules needed to comply with the budget or receive ARRA monies. Requires that any exemption for agencies that report to the Governor be approved by the Governor. 28
33. As session law, require all agencies to report on their cell phone and wireless equipment usage and cost, including the usage by health and safety positions. The report is due by January 31, 2010 to JCCR. 34
34. As permanent law, establish a 2-year cap on existing local impact fees and prohibit the adoption of new impact fees. Specify that, for 2 years, construction sales tax may not be increased and new or modified building codes do not apply to a residential or commercial building that was approved by a municipality before June 1, 2009, except if necessary to receive federal stimulus funding. All of these provisions begin on July 1, 2009 and extend through June 30, 2011. Retroactive to June 30, 2009. Additionally, the bill 5, 6, 8, 41, 42, 45-47

makes various changes to infrastructure improvement plan requirements for public services that have impact fees, effective January 1, 2010.

35. As permanent law, require a copy of a foreclosure notice to be sent to the tenants of rental properties. 16
36. **As permanent law, repeal Laws 2009, Chapter 68, to eliminate new requirements of borrowers in foreclosure, including demonstrating proof of 6 months consecutive property utilization and acquiring a certificate of occupancy. Failure to meet these requirements would have resulted in the borrower paying the lender the difference between the purchase price and the total debt incurred by the lender as a result of the foreclosure. Retroactive to September 30, 2009.** 17, 47
37. As permanent law, change the composition of the board of directors for a special taxing district established under A.R.S. § 48, Chapter 36, by removing the 2 members of the Coconino County Board of Supervisors and replacing them with general public members appointed by the Speaker of the House and President of the Senate. 21

## HOUSE AND SENATE HEALTH AND WELFARE BRB – HB 2013

<b>Arizona Department of Administration</b>	<b>Section</b>
1. As permanent law, define eligible dependents for the state employee health insurance program as a spouse, a child under the age of 19, or a child under the age of 23 if a full-time student, retroactive to October 1, 2009.	13
2. As session law, continue to prohibit implementation of a differentiated health insurance premium in FY 2010 based on the integrated or non-integrated status of the provider, retroactive to October 1, 2009.	21
 <b>AHCCCS</b>	
3. Eliminate the Temporary Medical Coverage Program.	11
4. As permanent law, eliminate the KidsCare Parents Program as of October 1, 2009.	12
5. As permanent law, eliminate dentures as a covered service retroactive to October 1, 2009.	10
6. As session law, exclude AHCCCS from the ambulance provider rates set by DHS.	30
7. As session law, prohibit increases in specific hospital rates in contract year beginning October 1, 2009, and allow AHCCCS to reduce noninstitutional rates by up to 5% in contract year beginning October 1, 2009.	22
<del>8. As session law, set county ALTCS contributions at \$190,467,500. Specifies that without the passage of the American Recovery and Reconciliation Act of 2009, county ALTCS contributions would have been \$262,889,400. As session law, HB 2003, 3<sup>rd</sup> SS, enacts this provision.</del>	
9. As session law, set the County Acute Care contribution at \$51,711,900. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328.	24
10. As session law, continue to exclude Proposition 204 administration costs from county expenditure limitations.	26
11. As session law, establish FY 2010 disproportionate share distributions to the Maricopa County Hospital District, the Arizona State Hospital, and private qualifying disproportionate share hospitals.	23
12. As session law, require the collection of \$2,646,200 in DUC pool contributions from counties other than Maricopa. Exclude these contributions from county expenditure limitations.	25
<del>13. As session law, change 50/50 split for reversion of excess appropriations in ALTCS to 62.2% counties/37.8% state in FY 2009 and FY 2010 to ensure compliance with American Recovery and Reinvestment Act FMAP provisions. Specify that this is retroactive to June 30, 2009. As session law, HB 2003, 3<sup>rd</sup> SS, enacts this provision.</del>	
14. As session law, require AHCCCS to suspend for one month 100% of the June acute capitation payments for plans with at least 100,000 and suspend for one month 50% of the June acute capitation payments for plans with less than 100,000 members. Stipulates that the health plans shall receive 0.5% interest for the delayed payment.	28
15. Require AHCCCS to submit a report by October 1, 2009 on hospital provider assessments.	29
<del>16. Require AHCCCS to transfer Acute Care county savings due to the receipt of the enhanced FMAP in FY 2009 to counties by December 31, 2009. As session law, HB 2003, 3<sup>rd</sup> SS, enacts this provision.</del>	
17. As session law, permit AHCCCS to reduce by one level the thresholds beyond which patient costs are paid by reinsurance for the contract year 2010.	34
18. As session law, permit AHCCCS to reduce the risk contingency rate setting for all managed care organizations by 50% and impose a 5.88% reduction on funding for all managed care organizations administrative funding levels.	35
19. As session law, 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.	39
<del>20. The Trailer BRB adds session law permitting AHCCCS to expend federal funds made available by local or tribal spending unless the spending would reduced the enhanced federal matching rate under the federal stimulus or cause the administration to exceed any limitations of federal spending. As session law, HB 2003, 3<sup>rd</sup> SS, enacts this provision.</del>	
<del>21. As session law, the Trailer BRB requires AHCCCS to transfer any county savings from the Proposition 204 DES Eligibility line item in FY 2009 and FY 2010 back to the counties to conform with federal stimulus requirements. As session law, HB 2003, 3<sup>rd</sup> SS, enacts this provision.</del>	
 <b>Arizona Biomedical Research Commission</b>	
22. Repeal the previously enacted appropriation for the Public Regenerative Tissue Repository.	18

**Department of Economic Security**

23. As session law, permit DES to reduce income eligibility levels for all child care programs. Require report to JLBC within 15 days of change in levels. 40
24. As session law, require recipients of TANF Cash Benefits to pass a drug test in order to be eligible for benefits if the Department of Economic Security has reasonable cause to believe that the recipient uses illegal drugs. 27
25. As permanent law, enact conforming changes associated with the elimination of the General Assistance program in Laws 2009, 1st Special Session, Chapter 1. 1, 2, 3, 6, 14, 15, 16, 17

**Department of Health Services**

26. As permanent law, requires 2 poison control centers to be maintained in Arizona. Eliminates requirement to issue an RFP to select one poison control center statewide. (Laws 2009, 1st Special Session, Chapter 1) 9, 19
27. As session law, require all cities and counties to pay 100% of cost of Restoration to Competency treatment in FY 2010. Allows counties to use any source of county revenue to make the transfers. 20
28. As session law, require cities and counties to pay 25% of 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. 32
29. As session law, require DHS to provide a list of priority services for non-title XIX services on their website and provide 30 days notice before revising priorities. Specifies that behavioral health providers and division contractors are not liable for refusing to provide uncompensated or underfunded nonemergency, non-title XIX behavioral health services to persons who are not seriously mentally ill. 31
30. As permanent law: 4, 5, 7, 8
- Establishes a new Health Services Licensing Fund;
  - Requires that DHS begin depositing monies from healthcare and child care facilities into the Health Services Licensing Fund beginning January 1, 2010;
  - Requires the Health Services Licensing Fund to transfer 10% of collected fees to the General Fund;
  - Allows the DHS Director to set licensing fees.
31. As session law: 33, 36, 37, 38
- Appropriates \$4,493,400 from the Health Care Licensing Fund to DHS;
  - Establishes that it is the intent of the Legislature that the fees raised between January 1, 2010 and June 30, 2010 not exceed \$5 million;
  - Allows DHS to continue to charge existing fees until January 2010;
  - Provides emergency rulemaking authority for 18 months.

## HOUSE AND SENATE HIGHER EDUCATION BRB – HB 2012

<b>Arizona Community Colleges</b>	<b><u>Section</u></b>
1. As session law, suspend capital outlay funding for FY 2010.	13
2. As session law, notwithstanding the operating state aid formula in FY 2010, and specify that the appropriation for operating state aid shall be as provided in the General Appropriation Act.	14
3. As permanent law, eliminate the "hold harmless" provision that currently keeps a community college's operating state aid from decreasing when its enrollment declines. Also change the eligibility threshold for growth funding from the highest level after FY 2004 (current law) to any growth that exceeds the currently funded enrollment level.	4
4. As permanent law, beginning in FY 2011, fund community college dual enrollment at 50%.	5
5. As permanent law, require community colleges to post their budgets on-line rather than in the newspaper.	3
6. As session law, notwithstanding 20% cap to the community college districts' ability to use capital outlay monies for operating.	17
7. As permanent law, delete duplicative report on number of students; change reporting dates for Proposition 301 Workforce report; eliminate requirement to report individual course data; and change reporting date for enrollment and eliminate course level data.	1, 2, 10, 12
8. As session law, allow organized community college districts that provide services to provisional districts to include the provisional districts' students in their expenditure limitation calculations for FY 2010 and FY 2011. The organized districts cannot use the provisional districts' student counts for state funding purposes.	20
 <b>Board of Medical Student Loans</b>	
9. As session law, notwithstanding the requirement in A.R.S. §15-1723(A) that at least 50% of loan monies be apportioned for students attending private medical schools retroactive to June 30, 2009.	16
 <b>Commission for Postsecondary Education</b>	
10. As permanent law, restrict Leveraging Education Assistance Partnership (LEAP) grants to Arizona residents who demonstrate financial need and who are attending an approved Arizona postsecondary educational institution at least half-time. Previously in General Appropriation Act as footnote.	11
11. The K-12 BRB adds a new session law provision that authorizes the Commission for Postsecondary Education to seek federal and private funds in FY 2010 to help fund the program.	
 <b>Universities</b>	
12. As permanent law, require the Arizona Board of Regents (ABOR) and the Auditor General to develop a uniform accounting and reporting system.	7
13. As permanent law, require both Arizona State (ASU) University East and West campuses to be separated as individual budget units. Require ASU Main to continue to provide administrative support for ASU East and ASU West campuses.	6
14. As session law, 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).	15
15. As permanent law, require funding for enrollment growth be limited to Arizona residents.	8
16. As session law, restrict Lottery distributions in FY 2010 and FY 2011 into the University Capital Improvement Fund to the required debt service payments for \$167.7 million in University Lottery bonding authority.	9
17. As permanent law, require ABOR not to obligate the state for Lottery monies above those authorized in the bill or previously authorized in statute and also prohibit any General Fund obligation.	9
18. As permanent law, make a technical change for the credit hour threshold requirement to conform to 2009 special session legislation, which changed the full-time equivalent student enrollment count from the 21st day of the fall semester to the 45th day of the fall and spring semesters.	7
19. As session law, require a report on FY 2010 paid invited speakers and associated costs to be due by March 31, 2010.	19
20. As session law, defer a \$100 million FY 2010 payment to the universities until FY 2011. The \$100 million payment would have otherwise been paid to the universities in May and June 2010, but will now instead be paid no later than October 1, 2010.	18
21. The FY 2010 General Appropriation Act amends Laws 2009, Chapter 5, Section 1 to clarify that the reduction of \$100 million in FY 2009 to the universities is a deferral, which will be paid in FY 2010.	

## HOUSE AND SENATE K-12 EDUCATION BRB – HB 2011

<b>Department of Education</b>	<b>Section</b>
1. As session law, reverse for FY 2010 only the 2% base level increase in A.R.S. § 15-901B2 that was enacted through Laws 2009, Chapter 2, 3 <sup>rd</sup> SS by instructing ADE to compute Base Support Level (BSL) funding for FY 2010 using a base level that does not include a 2% inflation adjustment. (Laws 2009, Chapter 2, 3 <sup>rd</sup> SS enacted as permanent law a base level for FY 2010 that included a 2% increase above the revised FY 2009 level.)	79
2. As session law, reduce state aid funding for Soft Capital by \$(175) 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. <b>As session law, deleted delayed effective date of 1/1/2010 in the 6/30 legislation. As session law, repeal a session law provision in Laws 2009, Chapter 2, 3<sup>rd</sup> SS, that would have negated this provision as of October 1, 2009.</b>	<b>64, 57</b>
3. 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.	64
4. As session law, specify that to the extent possible, the Soft Capital reductions shall be taken against administrative costs, rather than classroom instruction.	64
5. As session law, reduce charter school Additional Assistance funding by \$(5) million for FY 2010 only below the level that otherwise would be funded pursuant to A.R.S. § 15-185B4, as amended by Laws 2009, Chapter 2, 3 <sup>rd</sup> SS. (As permanent law, Chapter 2 increased Additional Assistance per pupil amounts by 2% above revised FY 2009 levels, but did not also include a new \$(5) million session law reduction for FY 2010 only.) <b>As session law, deleted delayed effective date of 1/1/2010 in the 6/30 legislation.</b>	<b>80</b>
<del>6. As permanent law, increase by 2% the transportation funding amounts per route mile in A.R.S. § 15-945. Enacted through Laws 2009, Chapter 2, 3<sup>rd</sup> SS.</del>	
7. As session law, continue to permit school districts to use Soft Capital funding for FY 2010 for any operating or capital expenditures.	65
8. As permanent law, amend the state aid payment schedule for school districts in A.R.S. § 15-973 in order to pay 1/12 <sup>th</sup> of the annual cost on the first business day of the following month, but with payments made on both 6/1 and 6/30. (Current law skips August and November payments, makes double payments in April and May, and makes all payments due on the 15 <sup>th</sup> of the month.)	36
9. As permanent law, amend the state aid payment schedule for charter schools in A.R.S. § 15-185B5 in order to match the new schedule for school districts. (Current law provides charters with 12 equal monthly payments on the 15 <sup>th</sup> of each month with no skipped or double payments.)	4
10. As session law, require ADE to apportion the newly required August state aid payment for FY 2010 in approximately equal amounts across months of the year that will remain after the general effective date of the act. (Otherwise the newly-mandated August payment would not be made.)	77
11. As permanent law, cap ADM per pupil at 1.0 unless otherwise specified in law and apportion the 1.0 ADM based on the percentage of total time that a student is enrolled in or in attendance at the school district, charter school or Technology Assisted Project Based Instruction Program.	27
<del>12. As permanent law, prohibit Basic State Aid funding for Early Kindergarten repeaters, but allow school districts and charter schools to charge tuition for them. Enacted through Laws 2009, Chapter 2, 3<sup>rd</sup> SS.</del>	
<del>13. As session law, exempt current Kindergartners from the new prohibition on funding for Early Kindergarten repeaters. Enacted through Laws 2009, Chapter 2, 3<sup>rd</sup> SS.</del>	
14. As permanent law, repeal the Rapid Decline funding formula in A.R.S. § 15-942.	33, 60
15. As session law, continue to fund state aid for JTEDs in FY 2010 at a percentage that would freeze statewide JTED costs at the prior year level.	58
16. As session law, continue to “hold harmless” a JTED if the adjustment factor otherwise would cause it to receive less state aid in FY 2010 than in FY 2009, apart from reductions due to changes in student counts, property values and other technical factors.	58
<del>17. As permanent law, remove cap on number of district sponsored TAPBI programs, but require new programs to be approved by the State Board of Education. Enacted as separate legislation (items #17 - #25)</del>	
<del>18. As permanent law, remove cap on number of charter sponsored TAPBI programs, but require charter board approval of new charter TAPBIs.</del>	
<del>19. As permanent law, fund full time TAPBI students at 95% of full formula amount for full time students.</del>	
<del>20. As permanent law, fund part time TAPBI students at 85% of full formula amount for part time students.</del>	
<del>21. As permanent law, beginning July 1, 2010, require the State Board of Education and State Board for Charter Schools to develop annual reporting mechanisms for schools that participate in TAPBI.</del>	
<del>22. As session law, stipulate TAPBI reporting requirements through July 31, 2010.</del>	

- ~~23. As permanent law, limit the TAPBI program to in-state students only.~~
- ~~24. As permanent law, require TAPBI programs to proctor the administration of required state standardized tests.~~
- ~~25. As permanent law, change the name of the TAPBI program to "Arizona Online Instruction."~~
26. As session law, for FY 2010 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. **As session law, repeal a session law provision in Laws 2009, Chapter 2, 3<sup>rd</sup> SS, that would have negated this provision as of October 1, 2009.** 76, 57
27. As session law, continue to defer \$602.6 million in Basic State Aid payments for FY 2010 until FY 2011. Appropriate \$602.6 million in FY 2011 for these deferred Basic State Aid payments and \$886,200 for related interest costs in FY 2011. Allow the State Board of Education to make the rollover payment no later than August 29, 2010. 59
28. As session law, continue to require school districts to include in the FY 2010 revenue estimates that they use for computing their FY 2010 tax rates the rollover monies that they will receive for FY 2010 in July 2010. 59
29. As permanent law, require county assessors to place assessed value on Government Property Lease Excise Tax (GPLET) properties and report those values to ADE. 53
30. As permanent law, require governmental entities to provide county assessors with a complete list of development agreements between it and its prime lessees for GPLET properties, plus related information. 52
31. As permanent law, instruct ADE to include the assessed valuation of properties subject to the Government Property Lease Excise Tax (GPLET) in the tax base that it uses when computing local share funding under the K-12 Basic State Aid formula. 35
32. As permanent law, eliminate Homeowner's Rebate funding for Desegregation programs, Transportation Revenue Control Limit (TRCL) funding, and Career Ladder. 29, 32, 34
33. As permanent law, prohibit a school district from increasing its primary property tax rate if 1) at least half of the residential property in the district has a total combined primary property tax rate that exceeds the 1% cap in the State Constitution, and 2) the school district's current primary property tax rate exceeds 150% of the K-12 Qualifying Tax Rate (QTR). 54
34. As permanent law, cap desegregation budgets at the prior year level. **As session law, repeal a session law provision in Laws 2009, Chapter 2, 3<sup>rd</sup> SS, that would have negated this provision as of October 1, 2009.** 29, 57
35. As permanent law, continue to authorize the ADE or Auditor General to conduct financial, compliance or ADM audits of school districts and charter schools, plus program audits for the Auditor General only. 8
36. As permanent law, allow a school district to spend Class B bond proceeds for furniture, equipment and technology if their useful life exceeds the duration of the bonds issued and require such bonds to mature within 5 years. 13, 38
37. As permanent law, require school districts to issue bonds within 10 years of the date of approval by voters, versus 6 years under current law. 38
38. As permanent law, limit the early graduation program to students who graduate one year early. (Current law also allows participation by students who graduate one semester early.) 3
39. As session law, suspend new funding for the early graduation program for one year, but continue to fund existing students (including students who graduated one semester early) with available fund balances. 63, 83
40. As session law, authorize the Commission for Postsecondary Education to seek private, corporate and federal funds in FY 2010 to help fund the program. 63
41. As session law, suspend the new Excess Utilities funding formula in A.R.S. § 15-910.04 and Excess Utilities reporting requirements currently prescribed in A.R.S. § 15-910.03. **As session law, repeal a session law provision in Laws 2009, Chapter 2, 3<sup>rd</sup> SS, that would have negated this provision as of October 1, 2009.** 68, 57
42. As permanent law, require every school that offers Full Day Kindergarten (FDK) to also provide meaningful half-day instruction if there is sufficient demand for 1 full-size class. 22
43. As permanent law, permit each school district to establish its own deadline for notifying teachers of their employment status for the upcoming school year. 17, 18
44. As permanent law, eliminate the requirement that a school district must notify its certificated teachers by May 15 of the prior year in order to implement a general salary reduction in the current year and delete statutory language that currently prohibits a governing board from reducing the salary of a certificated teacher who has been employed by the school district for more than 3 years unless the reduction is part of a general salary reduction and is applied equitably among all such teachers. 21
45. As permanent law, permit a school district or charter school to convert to a biennial audit cycle if its previous annual audit did not contain any negative findings, to the extent permitted by federal law. 30, 31
46. As session law, suspend the annual AIMS Intervention and Dropout Prevention performance audit for 66

FY 2010.

47. As session law, suspend the biennial Special Education Cost Study for FY 2010 and FY 2011. 68
48. As session law, permit Cave Creek Unified to use remaining bond proceeds from November 2000 election. 67
49. As permanent law, permit school districts and charter schools to advertise on their websites and athletic facilities, but permit them to refuse advertising. 10
- ~~50. As session law, permit the Santa Cruz Valley Union High School district to correct budget overexpenditures over a 5 year rather than 1 or 2 year period. Enacted as separate legislation.~~
- ~~51. As session law, permit the Blue Ridge Unified and Snowflake Unified School Districts to correct ADM overpayments over a 5 year rather than 1 or 2 year period. Enacted as separate legislation.~~
- ~~52. As session law, permit the Red Mesa Unified school district to correct budget expenditures over a 5 year rather than 1 or 2 year period. Enacted as separate legislation.~~
53. As session law, establish for FY 2010 a separate Revenue Control Limit calculation for purposes of overrides that does not reflect the \$119 million in school district formula reductions from the 1<sup>st</sup> Special Session. 74
54. As session law, amend Laws 2009, Chapter 6 in order to include rollover monies in the calculation of school district cash balances, change from 10/15 to 11/2 (the first business day of November) the date on which ADE shall apportion monies to school districts to fund the portion of the \$300 million reduction from Laws 2009, Chapter 6 not covered by school district cash balances, and make technical corrections. 56, 84
55. As permanent law, permit all school districts to budget for a 15% M&O override, or for a 10% M&O override and a 5% special program override. (Currently all districts may budget for a 10% M&O override, but only districts with K-3 pupils may budget for an additional 5% K-3 override.) 11, 12, 39, 71
56. As permanent law, prescribe ballot language for the newly authorized override elections. 11
57. As session law, allow a school district governing board to cancel an override election previously scheduled for November 2009 no later than August 15, 2009. 72
58. As session law, allow school districts to conduct an override election in March 2010 for either 1) a 15% M&O override that would replace any previously approved M&O and K-3 overrides, 2) an additional 5% M&O or special program override if the voters authorized a 10% M&O override in November 2009, or 3) a 17% override for a common school district if an M&O override and K-3 override were still in effect on the effective date of the act. 72
- ~~59. As permanent law, permit a school district governing board to establish a fund or trust account to fund postemployment benefits provided to employees and their spouses or dependents. Enacted as separate legislation.~~
60. As permanent law, permit school districts to hire as superintendent or business manager a person without certification from the State Board of Education. 6, 14, 15
61. As permanent law, add non-certificated superintendents to the list of persons requiring fingerprinting as a condition of employment. 49, 50
62. As permanent law, permit schools with < 4,000 ADM to do their own accounting, if qualified and approved. 31
63. As permanent law, reduce public school regulations regarding Intergovernmental Agreements (IGAs) (such as exempting IGAs and contracts between school districts from competitive bidding); due process for certificated teachers (such as reducing the number of days that a teacher has to correct inadequate classroom performance and reducing the number of days notice that a school district must give prior to dismissing a teacher or suspending them without pay); procurement practices and construction services; budgets, audits and reporting; school property; bullying, harassment, intimidation, and pupil disciplinary proceedings; and miscellaneous other items. 1, 2, 3, 4, 6, 7, 9, 10, 14, 19, 20, 23-26, 28, 40-42, 46-48, 51, 85
64. As permanent law, change the overexpenditure threshold at which a district must revise its budget at a public meeting to 1% of the relative budget limit or \$100,000, whichever is less (currently at flat rate of \$1,000). 28
65. As permanent law, prohibit the State Board of Education from requiring high school pupils to meet or exceed standards in subjects other than reading, writing and mathematics in order to graduate from high school. 23
66. As permanent law, require that any additional assessment for high school pupils that are adopted by the State Board of Education after the effective date of the act be designed to measure college and career readiness of pupils. 23
67. As permanent law, repeal the "Local Education Accountability Program," which allows individual schools within a school district to receive direct funding associated with teacher salaries, average daily membership and transportation, rather than being funded for those items through their school district. 45
68. As session law, establish a task force on assessment to measure college and career readiness. 70
69. As session law, repeal session law language that currently limits AIMS contracts to 1 year. 55

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| 70. | As permanent law, limit capital overrides to 10% of a school district's Revenue Control Limit (RCL).   | 11        |
| 71. | As session law, allow a county school superintendent to suspend a transportation school district if there has been a student count of less than 100 pupils between the ages of 6 and 21 for three months during the school year.   | 73        |
| 72. | As permanent law, prohibit school districts and charter schools from adopting policies that provide employment retention priority for teachers based on tenure or seniority and delete statutory language that currently requires school districts to rehire certificated teachers who are dismissed for reasons of economy or efficiency in the order of their original employment. | 5, 14, 21 |
| 73. | As permanent law, prohibit school district employment contracts from including compensated days for professional association activities and stipulate that this does not include field trips or compensated leave time taken for any personal or professional purpose.   | 16        |
| 74. | As permanent law, require Classroom Site Fund per pupil funding calculations to factor in prior year shortfalls or surpluses.  | 37        |
| 75. | As session law, allow school districts and charter schools to charge tuition for full day kindergarten (FDK) in FY 2010 if they decide not to provide free FDK in FY 2010 due to funding reductions prescribed by the act.   | 78        |
| 76. | As session law, allow school districts to revise their budgets before 11/1/09 in order to conform to the enacted FY 2010 budget.   | 81        |

#### **School Facilities Board**

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| 77. | As session law, suspend the Building Renewal formula for FY 2010.  | 61 |
| 78. | As permanent law, count kindergarteners as half-time Average Daily Membership (ADM) pupils for purposes of determining minimum school facility adequacy requirements, thereby not requiring the School Facilities Board (SFB) to fund new classroom costs for Full-Day Kindergarten (FDK).   | 43 |
| 79. | As session law, continue to prohibit SFB from authorizing or awarding funding for the design or construction of any new school facility, including FDK but excluding \$100 million in new bonding authority (see below), or for school site acquisitions. Continue to require school districts to submit capital plans during FY 2010, and permit SFB to review and award new school facilities, subject to future appropriations. | 62 |
| 80. | As permanent law, restrict SFB from providing new construction projects inflationary funding above the formula funding.  | 44 |
| 81. | As session law, require the SFB to issue up to \$100 million of Qualified School Construction Bonds as authorized by the American Reinvestment and Recovery Act of 2009. Require the bonds to be issued by December 31, 2010, and limit the proceeds to be spent on new construction projects only. Require proceeds to first be given to school districts whose projected FY 2010 ADM exceeds the district-wide space capacity.   | 75 |

## HOUSE AND SENATE REVENUES BRB – SB 1025

	<u>Section</u>
<b>Arizona Department of Agriculture</b>	
1. As session law, permit the Citrus, Fruit and Vegetable Advisory Council and the Agricultural Advisory Council to increase fees up to \$389,000 in FY 2010, and permits ADA to continue \$172,000 in FY 2009 fees in FY 2010.	27
2. As session law, require the Citrus, Fruit and Vegetable Advisory Council to provide 30 days advance notice of a public hearing for any proposed fee increases in FY 2010.	27
<b>Registrar of Contractors</b>	
3. 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.	28
<b>Corporation Commission</b>	
4. 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.	3,4
5. As permanent law, give the Corporation Commission the authority to adjust the annual registration fees for securities dealers and salesmen, and direct a portion of another fee from the General Fund to the Securities Regulation and Enforcement Fund.	17,18,36
<b>Department of Education</b>	
6. As permanent law, repeal the State Equalization Tax Rate authorized in A.R.S. § 15-994.	5
7. As permanent law, SB 1025 specifies the official K-12 Qualifying Tax Rate (QTR) for FY 2010 at \$2.75 in compliance with the Truth in Taxation (A.R.S. § 41-1276).	8
8. As session law, redirect \$22 million from city Vehicle License Tax be distributed to county treasurers for distribution to local school districts in the amount of \$3.7 million per month beginning January 2010. Exempt these contributions from county expenditure limitations. Allows counties to use any source of county revenue to make the transfers.	30
9. As permanent law, use a 16% assessment ratio for secondary property tax purposes on Class 1 property for all voter-approved overrides and bond elections authorized after December 31, 2011. The provisions apply to school districts, community college districts, cities, towns and counties, but exclude special taxing districts. The bill provides that the approved bonded indebtedness does not apply in computing the constitutional debt limitations for these jurisdictions.	13
<b>Government Information Technology Agency</b>	
10. As permanent law, beginning in FY 2011, require all revenues from the State Web Portal be deposited in the State Web Portal Fund.	9
11. As session law, limit the operating expenses exempt from appropriation to no more than \$3 million in FY 2010.	29
<b>Arizona Department of Housing</b>	
12. As permanent law, deposit the first \$10.5 million in unclaimed property proceeds into the Housing Trust Fund.	10
<b>Department of Insurance</b>	
13. As session law, notwithstanding the requirement for the Department of Insurance to recover at least 95% but not more than 110% of the department's appropriated budget.	25
<b>Lottery Commission</b>	
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.	26
15. As permanent law, repeal the State Land Department's Community Protection Initiative Fund and Department of Environmental Quality's Water Supply Development Fund Special Line Item from the list of recipients of State Lottery Fund monies.	2

### State Board of Nursing

16. ~~As permanent law, change the due date for professional and practical nurse license renewals from July 1 to April 1, change the date on which an additional fee for late renewals is assessed from August 1 to May 1, and change the license expiration date for late renewals from November 1 to August 1. Enacted in separate legislation.~~

#### **Nursing Care Administrators**

17. As session law, allow the Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers to increase its fees in FY 2010. The bill appropriates the revenue generated from the increased fees to the board, and includes an intent clause that limits additional revenues generated by the fee increases to \$85,000. The bill also exempts the board from rulemaking requirements for 1 year. 33

#### **Office of Pest Management**

18. 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 for 1 year. 34

#### **Department of Racing**

19. 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**

20. 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 July 1, 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. 11,16
21. 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. 7,15
22. 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. 37
23. As session law, provide that the Department of Revenue may utilize up to \$2 million of General Fund revenues to pay BRITS operational support costs after JLBC review. 37
24. 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. 38

#### **Arizona Department of Transportation**

25. As permanent law, change A.R.S. § 28-3002A7 to remove the cap on fees for duplicate drivers licenses. 6
26. 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. 35

#### **Revenues**

27. 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 24,32

- Services and the State Land Department, and \$500,000 for the Radiation Regulatory Agency.
28. **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. 12,19-23,40
29. As session law, authorize cities and towns to use local impact fees for General Fund purposes. The bill also provides that cities and towns may not increase impact fees in order to replace fees spent for General Fund purposes. 39
30. 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. 31
- ~~31. As permanent law, repeal the June 30, 2011 sunset date for the school tuition organization corporate income tax credit. Enacted in separate legislation~~
32. As permanent law, provide that nonresident taxpayers are required to prorate their standard deduction based on Arizona income as a percent of total income. 14

**HOUSE AND SENATE STATE PROPERTIES BRB – HB 2009**

**Department of Administration/Department of Agriculture**

**Section**

1. As session law, require ADOA to sell the Department of Agriculture Lab, excluding the 2 trailers currently on the property, located at 2422 W. Holly in Phoenix. Any proceeds from the sale shall be deposited into the General Fund.

1

## ARIZONA STATE BUDGET STABILIZATION ACT – HB 2015

*This bill was not transmitted to the Governor because it was not passed by the Senate.*

<b>State Equalization Tax</b>	<b><u>Section</u></b>
1. As permanent law, repeal the State Equalization Tax. <i>This provision is moved from the Revenues BRB.</i>	1, 2, 9
<b>Truth in Taxation</b>	
2. As permanent law, specify the official K-12 Qualifying Tax Rate (QTR) for FY 2010 at \$2.75 in compliance with Truth in Taxation (A.R.S. § 41-1276). <i>This provision is moved from the Revenues BRB.</i>	2
<b>Individual Income Tax</b>	
3. As permanent law, reduce marginal individual income tax rates starting in tax year 2011. At the upper end, the marginal rate will decline from 4.54% to 4.24%. At the lower end, the marginal rate will decline from 2.59% to 2.42%.	3
<b>Corporate Income Tax</b>	
4. As permanent law, reduce the corporate income tax rate from 6.968% to 4.86% starting in tax year 2011.	4
<b>Sales Tax/Appropriation Cap</b>	
5. If approved by the voters on Nov. 3, 2009, increase the current sales tax effective January 1, 2010 through December 31, 2012. The increase would be 1 cent in calendar year (CY) 2010 and CY 2011, and 0.50 cent in CY 2012. 2/3 of revenues shall be appropriated for public K-12 education, with 1/3 of revenues appropriated for health and human services and public safety. All monies would be directed to the General Fund. This provision and the appropriation cap would be referred in the same question.	6
6. If approved by the voters on Nov. 3, 2009, cap total General Fund appropriations for FY 2011 through FY 2013 at \$10,200,000,000. Monies appropriated for inmate population growth, public primary and secondary education student growth, and programs approved by the voters or required by federal that exceed those appropriations made in FY 2010 are exempt from the limitation. This provision and the sales tax increase would be referred in the same question.	6
<b>Appropriation Flexibility (Prop 105)</b>	
7. If approved by the voters on Nov. 3, 2009, for FY 2011 through FY 2013, permit the Legislature to appropriate or divert funds created or allocated to a specific purpose by an initiative or referendum measure regardless of whether the appropriation or diversion furthers the purpose of the measure. This provision would be a separate ballot question.	5
<b>Other</b>	
8. As session law, authorize a special election on Nov. 3, 2009 to consider the two ballot questions discussed above. Outlines requirements for the special election, including publicity pamphlet instructions and distribution, public notices, ballot form, exemptions from competitive bidding, and county reimbursements.	8
9. As session law, require the Secretary of State to submit the both the sales tax/appropriation cap question and the appropriation flexibility question to the voters at a Nov. 3, 2009 special election only if the equalization, individual income, and corporate income tax provisions are signed into law along with the other budget bills and without any line-item vetoes in the main budget bill.	7

This act is different from the provisions in the 6/30 plan considered by the Legislature. Items 4 and 6 through 9 are new; item 3 replaces the flat tax proposal and item 5 reduces the 2012 sales tax increase to 0.5 cent.