

State of Arizona
House of Representatives
Fiftieth Legislature
First Regular Session
2011

HOUSE BILL 2016

AN ACT

AMENDING SECTIONS 5-507, 5-509, 5-557, 5-559, 12-284.03, 13-2314.01 AND 13-2314.03, ARIZONA REVISED STATUTES; AMENDING SECTION 15-393, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 285, SECTION 1 AND CHAPTER 306, SECTION 3; REPEALING SECTION 15-393, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 318, SECTION 5; AMENDING SECTIONS 15-1821.01, 15-1853, 15-2041, 21-222, 23-773, 27-935, 27-1234, 28-2404, 28-7009, 31-239, 31-285, 31-467, 35-142, 35-193, 36-2903.03, 36-2912, 37-106.01, 37-623.02, 38-658, 41-129, 41-178, 41-191.05, 41-545, 41-621, 41-712, 41-763.02, 41-792.01, 41-821, 41-986, 41-1509, 41-2401, 41-2402, 41-2826, 41-3542, 46-803 AND 49-545, ARIZONA REVISED STATUTES; BLENDING MULTIPLE ENACTMENTS; RELATING TO REPORTING REQUIREMENTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 5-507, Arizona Revised Statutes, is amended to
3 read:

4 5-507. Monthly reports; annual reports

5 A. The director shall make a monthly report to the commission, the
6 governor, the speaker of the house of representatives and the president of
7 the senate. The monthly report shall include the total lottery revenue,
8 prize disbursements and other expenses for the preceding month.

9 ~~B. The director shall make a report on or before August 15 of each
10 year to the director of the joint legislative budget committee and the
11 director of the governor's office of strategic planning and budgeting
12 containing:~~

13 ~~1. A summary of the criteria used to evaluate employee performance and
14 distribution of any appropriation for the preceding fiscal year as
15 performance pay.~~

16 ~~2. An accounting of total distributions of that appropriation.~~

17 ~~3. The percentages of that distribution that were based on individual
18 employee performance and on lottery sales goals.~~

19 ~~C.~~ B. The commission shall make an annual report to the governor, the
20 speaker of the house of representatives and the president of the senate. The
21 annual report shall include a full and complete statement of lottery
22 revenues, prize disbursements and other expenses for the preceding years, and
23 recommendations for amendments to this chapter as the commission deems
24 necessary or desirable.

25 Sec. 2. Section 5-509, Arizona Revised Statutes, is amended to read:

26 5-509. Contracts; limitation; restrictions

27 A. Notwithstanding any other statute, the director may:

28 1. Directly solicit bids and contract for the design and operation of
29 the lottery or the purchase of lottery equipment, tickets and related
30 materials.

31 2. Contract to effectuate the purposes of this chapter and the rules
32 promulgated pursuant to this chapter.

33 3. ~~Subject to joint legislative budget committee approval~~ Acquire
34 administrative office facilities and related facilities and equipment for the
35 use of the commission by lease, purchase or lease-purchase.

36 B. Procurement pursuant to this section shall be performed as
37 prescribed in section 41-2501, subsection F. Bids received under this
38 section may be deemed confidential in whole or in part by the director if
39 required on account of the sensitive and responsible nature of the
40 commission's functions and the paramount considerations of security and
41 integrity.

42 C. Any award made by the director pursuant to this section becomes
43 effective and binding on the commission unless it is rejected by the
44 commission at a meeting held within fourteen calendar days after the award is
45 communicated to the members of the commission.

1 D. A contract awarded or entered into by the director pursuant to this
2 section shall not be assigned by the holder except by specific approval of
3 the director. In all awards of contracts pursuant to this section, the
4 director shall take particular account of the sensitive and responsible
5 nature of the commission's functions and the paramount considerations of
6 security and integrity.

7 Sec. 3. Section 5-557, Arizona Revised Statutes, is amended to read:
8 5-557. Monthly reports; annual reports

9 A. The director shall make a monthly report to the commission, the
10 governor, the speaker of the house of representatives and the president of
11 the senate. The monthly report shall include the total lottery revenue,
12 prize disbursements and other expenses for the preceding month.

13 ~~B. The director shall make a report on or before August 15 of each~~
14 ~~year to the director of the joint legislative budget committee and the~~
15 ~~director of the governor's office of strategic planning and budgeting~~
16 ~~containing:~~

17 ~~1. A summary of the criteria used to evaluate employee performance and~~
18 ~~distribution of any appropriation for the preceding fiscal year as~~
19 ~~performance pay.~~

20 ~~2. An accounting of total distributions of that appropriation.~~

21 ~~3. The percentages of that distribution that were based on individual~~
22 ~~employee performance and on lottery sales goals.~~

23 ~~C.~~ B. The commission shall make an annual report to the governor, the
24 speaker of the house of representatives and the president of the senate. The
25 annual report shall include a full and complete statement of lottery
26 revenues, prize disbursements and other expenses for the preceding years, and
27 recommendations for amendments to this chapter as the commission deems
28 necessary or desirable.

29 Sec. 4. Section 5-559, Arizona Revised Statutes, is amended to read:
30 5-559. Contracts; limitation; restrictions

31 A. Notwithstanding any other statute, the director may:

32 1. Directly solicit bids and contract for the design and operation of
33 the lottery or the purchase of lottery equipment, tickets and related
34 materials.

35 2. Contract to effectuate the purposes of this chapter and the rules
36 promulgated pursuant to this chapter.

37 3. ~~Subject to joint legislative budget committee approval~~ Acquire
38 administrative office facilities and related facilities and equipment for the
39 use of the commission by lease, purchase or lease-purchase.

40 B. Procurement pursuant to this section shall be performed as
41 prescribed in section 41-2501, subsection F. Bids received under this
42 section may be deemed confidential in whole or in part by the director if
43 required on account of the sensitive and responsible nature of the
44 commission's functions and the paramount considerations of security and
45 integrity.

1 C. Any award made by the director pursuant to this section becomes
2 effective and binding on the commission unless it is rejected by the
3 commission at a meeting held within fourteen calendar days after the award is
4 communicated to the members of the commission.

5 D. A contract awarded or entered into by the director pursuant to this
6 section shall not be assigned by the holder except by specific approval of
7 the director. In all awards of contracts pursuant to this section, the
8 director shall take particular account of the sensitive and responsible
9 nature of the commission's functions and the paramount considerations of
10 security and integrity.

11 Sec. 5. Section 12-284.03, Arizona Revised Statutes, is amended to
12 read:

13 12-284.03. Distribution of fees

14 A. Excluding the monies that are kept by the court pursuant to
15 subsection B of this section, the county treasurer shall transmit, distribute
16 or deposit all monies received from the clerk of the superior court pursuant
17 to section 12-284, subsection K as follows:

18 1. 1.31 per cent to the state treasurer for deposit in the drug and
19 gang enforcement account established by section 41-2402 for the purposes of
20 section 41-2402, subsection ~~H~~ G.

21 2. 8.87 per cent to the state treasurer for deposit in the domestic
22 violence shelter fund established by section 36-3002.

23 3. 1.93 per cent to the state treasurer for deposit in the child abuse
24 prevention fund established by section 8-550.01.

25 4. In the county law library fund established by section 12-305,
26 either:

27 (a) 7.62 per cent if the county treasurer is serving in a county with
28 a population of more than five hundred thousand persons according to the most
29 recent United States decennial census.

30 (b) 15.30 per cent if the county treasurer is serving in a county with
31 a population of five hundred thousand persons or less according to the most
32 recent United States decennial census.

33 5. 0.35 per cent to the state treasurer for deposit in the alternative
34 dispute resolution fund established by section 12-135.

35 6. To the elected officials' retirement plan fund established by
36 section 38-802, either of the following percentages, which shall be
37 distributed to the fund pursuant to section 38-810:

38 (a) 23.79 per cent if the county treasurer is serving in a county with
39 a population of more than five hundred thousand persons according to the most
40 recent United States decennial census.

41 (b) 15.30 per cent if the county treasurer is serving in a county with
42 a population of five hundred thousand persons or less according to the most
43 recent United States decennial census.

44 7. 17.07 per cent to the state treasurer for deposit in the judicial
45 collection enhancement fund established by section 12-113.

1 8. 0.26 per cent to the state treasurer for deposit in the
2 confidential intermediary and fiduciary fund established by section 8-135.

3 9. In the county general fund, the following percentages:

4 (a) 31.29 per cent if the county treasurer is serving in a county with
5 a population of more than five hundred thousand persons according to the most
6 recent United States decennial census.

7 (b) 32.10 per cent if the county treasurer is serving in a county with
8 a population of five hundred thousand persons or less according to the most
9 recent United States decennial census.

10 B. 7.51 per cent of the monies transmitted, distributed or deposited
11 pursuant to subsection A of this section shall be kept and used by the court
12 collecting the fees in the same manner as the seven dollars of the time
13 payment fee prescribed by section 12-116, subsection B.

14 Sec. 6. Section 13-2314.01, Arizona Revised Statutes, is amended to
15 read:

16 13-2314.01. Anti-racketeering revolving fund; use of fund;
17 reports

18 A. The anti-racketeering revolving fund is established. The attorney
19 general shall administer the fund under the conditions and for the purposes
20 provided by this section. Monies in the fund are exempt from the lapsing
21 provisions of section 35-190.

22 B. Any prosecution and investigation costs, including attorney fees,
23 recovered for the state by the attorney general as a result of enforcement of
24 civil and criminal statutes pertaining to any offense included in the
25 definition of racketeering in section 13-2301, subsection D, paragraph 4 or
26 section 13-2312, whether by final judgment, settlement or otherwise, shall be
27 deposited in the fund established by this section.

28 C. Any monies received by any department or agency of this state or
29 any political subdivision of this state from any department or agency of the
30 United States or another state as a result of participation in any
31 investigation or prosecution, whether by final judgment, settlement or
32 otherwise, shall be deposited in the fund established by this section or, if
33 the recipient is a political subdivision of this state, may be deposited in
34 the fund established by section 13-2314.03.

35 D. Any monies obtained as a result of a forfeiture by any department
36 or agency of this state under this title or under federal law shall be
37 deposited in the fund established by this section. Any monies or other
38 property obtained as a result of a forfeiture by any political subdivision of
39 this state or the federal government may be deposited in the fund established
40 by this section. Monies deposited in the fund pursuant to this section or
41 section 13-4315 shall accrue interest and shall be held for the benefit of
42 the agency or agencies responsible for the seizure or forfeiture to the
43 extent of their contribution. Except as provided in subsections F and G of
44 this section the monies and interest shall be distributed within thirty days
45 of application to the agency or agencies responsible for the seizure or

1 forfeiture. Monies in the fund used by the attorney general for capital
2 projects in excess of one million dollars are subject to review by the joint
3 committee on capital review.

4 E. Monies in the fund may be used for the following:

5 1. The funding of gang prevention programs, substance abuse prevention
6 programs, substance abuse education programs and witness protection pursuant
7 to section 41-196 or for any purpose permitted by federal law relating to the
8 disposition of any property that is transferred to a law enforcement agency.

9 2. The investigation and prosecution of any offense included in the
10 definition of racketeering in section 13-2301, subsection D, paragraph 4 or
11 section 13-2312, including civil enforcement.

12 3. The payment of the relocation expenses of any law enforcement
13 officer and the officer's immediate family if the law enforcement officer is
14 the victim of a bona fide threat that occurred because of the law enforcement
15 officer's duties.

16 F. On or before January 15, April 15, July 15 and October 15 of each
17 year, each department or agency of this state receiving monies pursuant to
18 this section or section 13-2314.03 or 13-4315 or from any department or
19 agency of the United States or another state as a result of participation in
20 any investigation or prosecution shall file with the attorney general a
21 report for the previous calendar quarter. The report shall be in a form that
22 is prescribed by the Arizona criminal justice commission and approved by the
23 director of the joint legislative budget committee. The report shall set
24 forth the sources of all monies and all expenditures. The report shall not
25 include any identifying information about specific investigations. If a
26 department or agency of this state fails to file a report within forty-five
27 days after the report is due and there is no good cause as determined by the
28 Arizona criminal justice commission, the attorney general shall make no
29 expenditures from the fund for the benefit of the department or agency until
30 the report is filed. The attorney general is responsible for collecting all
31 reports from departments and agencies of this state and transmitting the
32 reports to the Arizona criminal justice commission at the time that the
33 report required pursuant to subsection G of this section is submitted.

34 G. On or before January 25, April 25, July 25 and October 25 of each
35 year, the attorney general shall file with the Arizona criminal justice
36 commission a report for the previous calendar quarter. The report shall be
37 in a form that is prescribed by the Arizona criminal justice commission and
38 approved by the director of the joint legislative budget committee. The
39 report shall set forth the sources of all monies and all expenditures. The
40 report shall not include any identifying information about specific
41 investigations. If the attorney general fails to file a report within sixty
42 days after the report is due and there is no good cause as determined by the
43 Arizona criminal justice commission, the attorney general shall make no
44 expenditures from the fund for the benefit of the attorney general until the
45 report is filed. If a political subdivision of this state fails to file a

1 report with the county attorney pursuant to section 13-2314.03 within
2 forty-five days after the report is due and there is no good cause as
3 determined by the Arizona criminal justice commission, the attorney general
4 shall make no expenditures from the fund for the benefit of the political
5 subdivision until the report is filed.

6 H. On or before ~~January 30, April 30, July 30 and October 30~~ **SEPTEMBER**
7 **30** of each year, the Arizona criminal justice commission shall compile the
8 attorney general report and the reports of all departments and agencies of
9 this state into a single comprehensive report and shall submit a copy of the
10 report to the governor, with copies to the director of the department of
11 administration, the president of the senate, the speaker of the house of
12 representatives and the director of the joint legislative budget committee.

13 Sec. 7. Section 13-2314.03, Arizona Revised Statutes, is amended to
14 read:

15 **13-2314.03. County anti-racketeering revolving fund; use of**
16 **fund; reports**

17 A. The board of supervisors of a county shall establish a county
18 anti-racketeering revolving fund administered by the county attorney under
19 the conditions and for the purposes provided by this section.

20 B. Any prosecution and investigation costs, including attorney fees,
21 recovered for the county as a result of enforcement of civil and criminal
22 statutes pertaining to any offense included in the definition of racketeering
23 in section 13-2301, subsection D, paragraph 4 or section 13-2312, whether by
24 final judgment, settlement or otherwise, shall be deposited in the fund
25 established by the board of supervisors.

26 C. Any monies received by any department or agency of this state or
27 any political subdivision of this state from any department or agency of the
28 United States or another state as a result of participation in any
29 investigation or prosecution, whether by final judgment, settlement or
30 otherwise, shall be deposited in the fund established by this section or in
31 the fund established by section 13-2314.01.

32 D. Any monies obtained as a result of a forfeiture by the county
33 attorney under this title or under federal law shall be deposited in the fund
34 established by this section. Any monies or other property obtained as a
35 result of a forfeiture by any political subdivision of this state or the
36 federal government may be deposited in the fund established by this section
37 or in the fund established by section 13-2314.01. Monies deposited in the
38 fund pursuant to this section or section 13-4315 shall accrue interest and
39 shall be held for the benefit of the agency or agencies responsible for the
40 seizure or forfeiture to the extent of their contribution. Except as
41 provided in subsections F and G of this section the monies and interest shall
42 be distributed to the agency or agencies responsible for the seizure or
43 forfeiture within thirty days of application.

44 E. Monies in the fund may be used for the funding of gang prevention
45 programs, substance abuse prevention programs, substance abuse education

1 programs, and witness protection pursuant to section 11-536 or for any
2 purpose permitted by federal law relating to the disposition of any property
3 that is transferred to a law enforcement agency. ~~Monies in the fund may be~~
4 ~~transmitted by the county attorney on behalf of any political subdivision of~~
5 ~~this state to the Arizona drug and gang policy council for the funding of~~
6 ~~gang prevention programs, substance abuse prevention programs and substance~~
7 ~~abuse education programs.~~ Monies in the fund may be used for the
8 investigation and prosecution of any offense included in the definition of
9 racketeering in section 13-2301, subsection D, paragraph 4 or section
10 13-2312, including civil enforcement.

11 F. On or before January 25, April 25, July 25 and October 25 of each
12 year, the county attorney shall cause to be filed with the Arizona criminal
13 justice commission a report for the previous calendar quarter. The report
14 shall be in a form that is prescribed by the Arizona criminal justice
15 commission and approved by the director of the joint legislative budget
16 committee. The report shall set forth the sources of all monies and all
17 expenditures. The report shall not include any identifying information about
18 specific investigations. If the county attorney fails to file a report
19 within sixty days after it is due and there is no good cause as determined by
20 the Arizona criminal justice commission, the county attorney shall make no
21 expenditures from the fund for the benefit of the county attorney until the
22 report is filed.

23 G. On or before January 15, April 15, July 15 and October 15 of each
24 year, each political subdivision of this state receiving monies pursuant to
25 this section or section 13-2314.01 or 13-4315 or from any department or
26 agency of the United States or another state as a result of participating in
27 any investigation or prosecution shall cause to be filed with the county
28 attorney of the county in which the political subdivision is located a report
29 for the previous calendar quarter. The report shall be in a form that is
30 prescribed by the Arizona criminal justice commission and approved by the
31 director of the joint legislative budget committee. The report shall set
32 forth the sources of all monies and all expenditures. The report shall not
33 include any identifying information about specific investigations. If a
34 political subdivision of this state fails to file a report within forty-five
35 days after the report is due and there is no good cause as determined by the
36 Arizona criminal justice commission, the county attorney shall make no
37 expenditures from the fund for the benefit of the political subdivision until
38 the report is filed. The county attorney shall be responsible for collecting
39 all reports from political subdivisions within that county and transmitting
40 the reports to the Arizona criminal justice commission at the time that the
41 county report required pursuant to subsection F of this section is submitted.

42 H. On or before ~~January 30, April 30, July 30 and October 30~~ **SEPTEMBER**
43 **30** of each year, the Arizona criminal justice commission shall compile all
44 county attorney reports into a single comprehensive report and all political
45 subdivision reports into a single comprehensive report and submit a copy of

1 each comprehensive report to the governor, the president of the senate, the
2 speaker of the house of representatives and the director of the joint
3 legislative budget committee.

4 Sec. 8. Section 15-393, Arizona Revised Statutes, as amended by Laws
5 2010, chapter 285, section 1 and chapter 306, section 3, is amended to read:
6 15-393. Joint technical education district governing board:
7 report; definition

8 A. The management and control of the joint district are vested in the
9 joint technical education district governing board, including the content and
10 quality of the courses offered by the district, the quality of teachers who
11 provide instruction on behalf of the district, the salaries of teachers who
12 provide instruction on behalf of the district and the reimbursement of other
13 entities for the facilities used by the district. Unless the governing
14 boards of the school districts participating in the formation of the joint
15 district vote to implement an alternative election system as provided in
16 subsection B of this section, the joint board shall consist of five members
17 elected from five single member districts formed within the joint district.
18 The single member district election system shall be submitted as part of the
19 plan for the joint district pursuant to section 15-392 and shall be
20 established in the plan as follows:

21 1. The governing boards of the school districts participating in the
22 formation of the joint district shall define the boundaries of the single
23 member districts so that the single member districts are as nearly equal in
24 population as is practicable, except that if the joint district lies in part
25 in each of two or more counties, at least one single member district may be
26 entirely within each of the counties comprising the joint district if this
27 district design is consistent with the obligation to equalize the population
28 among single member districts.

29 2. The boundaries of each single member district shall follow election
30 precinct boundary lines, as far as practicable, in order to avoid further
31 segmentation of the precincts.

32 3. A person who is a registered voter of this state and who is a
33 resident of the single member district is eligible for election to the office
34 of joint board member from the single member district. The terms of office
35 of the members of the joint board shall be as prescribed in section 15-427,
36 subsection B. An employee of a joint technical education district or the
37 spouse of an employee shall not hold membership on a governing board of a
38 joint technical education district by which the employee is employed. A
39 member of one school district governing board or joint technical education
40 district governing board is ineligible to be a candidate for nomination or
41 election to or serve simultaneously as a member of any other governing board,
42 except that a member of a governing board may be a candidate for nomination
43 or election for any other governing board if the member is serving in the
44 last year of a term of office. A member of a governing board shall resign
45 the member's seat on the governing board before becoming a candidate for

1 nomination or election to the governing board of any other school district or
2 joint technical education district, unless the member of the governing board
3 is serving in the last year of a term of office.

4 4. Nominating petitions shall be signed by the number of qualified
5 electors of the single member district as provided in section 16-322.

6 B. The governing boards of the school districts participating in the
7 formation of the joint district may vote to implement any other alternative
8 election system for the election of joint district board members. If an
9 alternative election system is selected, it shall be submitted as part of the
10 plan for the joint district pursuant to section 15-392, and the
11 implementation of the system shall be as approved by the United States
12 justice department.

13 C. The joint technical education district shall be subject to the
14 following provisions of this title:

- 15 1. Chapter 1, articles 1 through 6.
- 16 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 17 3. Articles 2, 3 and 5 of this chapter.
- 18 4. Section 15-361.
- 19 5. Chapter 4, articles 1, 2 and 5.
- 20 6. Chapter 5, articles 1, 2 and 3.
- 21 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
22 and 15-730.
- 23 8. Chapter 7, article 5.
- 24 9. Chapter 8, articles 1, 3 and 4.
- 25 10. Sections 15-828 and 15-829.
- 26 11. Chapter 9, article 1, article 6, except for section 15-995, and
27 article 7.
- 28 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 29 13. Sections 15-1101 and 15-1104.
- 30 14. Chapter 10, articles 2, 3, 4 and 8.

31 D. Notwithstanding subsection C of this section, the following apply
32 to a joint technical education district:

33 1. A joint district may issue bonds for the purposes specified in
34 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
35 aggregate, including the existing indebtedness, not exceeding one per cent of
36 the taxable property used for secondary tax purposes, as determined pursuant
37 to title 42, chapter 15, article 1, within the joint technical education
38 district as ascertained by the last property tax assessment previous to
39 issuing the bonds.

40 2. The number of governing board members for a joint district shall be
41 as prescribed in subsection A of this section.

42 3. If a career and technical education and vocational education course
43 or program provided pursuant to this article is provided in a facility owned
44 or operated by a school district in which a pupil is enrolled, including
45 satellite courses, the sum of the daily attendance, as provided in section

1 15-901, subsection A, paragraph ~~6~~ 5, for that pupil in both the school
2 district and joint technical education district shall not exceed 1.25 and the
3 sum of the fractional student enrollment, as provided in section 15-901,
4 subsection A, paragraph ~~2~~ 1, subdivision (a), shall not exceed 1.25 for the
5 courses taken in the school district and the facility, including satellite
6 courses. The school district and the joint district shall determine the
7 apportionment of the daily attendance and fractional student enrollment for
8 that pupil between the school district and the joint district. Pupils in an
9 approved joint technical education district satellite program may generate an
10 average daily attendance for attendance hours during any hour of the day,
11 during any day of the week and at any time beginning July 1 through June 30
12 of each fiscal year.

13 4. The student count for the first year of operation of a joint
14 technical education district as provided in this article shall be determined
15 as follows:

16 (a) Determine the estimated student count for joint district classes
17 that will operate in the first year of operation. This estimate shall be
18 based on actual registration of pupils as of March 30 scheduled to attend
19 classes that will be operated by the joint district. The student count for
20 the district of residence of the pupils registered at the joint district
21 shall be adjusted. The adjustment shall cause the district of residence to
22 reduce the student count for the pupil to reflect the courses to be taken at
23 the joint district. The district of residence shall review and approve the
24 adjustment of its own student count as provided in this subdivision before
25 the pupils from the school district can be added to the student count of the
26 joint district.

27 (b) The student count for the new joint district shall be the student
28 count as determined in subdivision (a) of this paragraph.

29 (c) After the first one hundred days or two hundred days in session,
30 as applicable, for the first year of operation, the joint district shall
31 revise the student count to the actual student count for students attending
32 classes in the joint district. A joint district shall revise its student
33 count, the base support level as provided in section 15-943.02, the revenue
34 control limit as provided in section 15-944.01, the capital outlay revenue
35 limit and the soft capital allocation as provided in section 15-962.01 prior
36 to May 15. A joint district that overestimated its student count shall
37 revise its budget prior to May 15. A joint district that underestimated its
38 student count may revise its budget prior to May 15.

39 (d) After the first one hundred days or two hundred days in session,
40 as applicable, for the first year of operation, the district of residence
41 shall adjust its student count by reducing it to reflect the courses actually
42 taken at the joint district. The district of residence shall revise its
43 student count, the base support level as provided in section 15-943, the
44 revenue control limit as provided in section 15-944, the capital outlay
45 revenue limit as provided in section 15-961 and the soft capital allocation

1 as provided in section 15-962 prior to May 15. A district that
2 underestimated the student count for students attending the joint district
3 shall revise its budget prior to May 15. A district that overestimated the
4 student count for students attending the joint district may revise its budget
5 prior to May 15.

6 (e) A joint district for the first year of operation shall not be
7 eligible for adjustment pursuant to section 15-948.

8 (f) The procedures for implementing this paragraph shall be as
9 prescribed in the uniform system of financial records.

10 (g) Pupils in an approved joint technical education district
11 centralized program may generate an average daily attendance of 1.0 for
12 attendance hours during any hour of the day, during any day of the week and
13 at any time between July 1 and June 30 of each fiscal year.

14 For the purposes of this paragraph, "district of residence" means the
15 district that included the pupil in its average daily membership for the year
16 before the first year of operation of the joint district and that would have
17 included the pupil in its student count for the purposes of computing its
18 base support level for the fiscal year of the first year of operation of the
19 joint district if the pupil had not enrolled in the joint district.

20 5. A student includes any person enrolled in the joint district
21 without regard to the person's age or high school graduation status, except
22 that:

23 (a) A student in a kindergarten program or in grades one through eight
24 who enrolls in courses offered by the joint technical education district
25 shall not be included in the joint district's ~~average daily attendance or~~
26 average daily membership.

27 (b) A student in a kindergarten program or in grades one through eight
28 who is enrolled in vocational education courses shall not be funded in whole
29 or in part with monies provided by a joint technical education district.

30 (c) A student who is over twenty-two years of age shall not be
31 included in the student count of the joint district for the purposes of
32 chapter 9, articles 3, 4 and 5 of this title.

33 (d) A student in grade nine who enrolls in a career exploration course
34 shall not be included in the joint district's ~~average daily attendance or~~
35 average daily membership.

36 6. A joint district may operate for more than one hundred seventy-five
37 days per year, with expanded hours of service.

38 7. A joint district may use the excess utility costs provisions of
39 section 15-910 in the same manner as a school district for fiscal years
40 1999-2000 and 2000-2001, except that the base year shall be the first full
41 fiscal year of operations.

42 8. A joint district may use the carryforward provisions of section
43 15-943.01 retroactively to July 1, 1993.

44 9. A school district that is part of a joint district shall use any
45 monies received pursuant to this article to supplement and not supplant base

1 year career and technical education and vocational education courses, and
2 directly related equipment and facilities, except that a school district that
3 is part of a joint technical education district and that has used monies
4 received pursuant to this article to supplant career and technological
5 education and vocational education courses that were offered before the first
6 year that the school district participated in the joint district or the first
7 year that the school district used monies received pursuant to this article
8 or that used the monies for purposes other than for career and technological
9 education and vocational education courses shall use one hundred per cent of
10 the monies received pursuant to this article to supplement and not supplant
11 base year career and technical education and vocational education courses.

12 10. A joint technical education district shall use any monies received
13 pursuant to this article to enhance and not supplant career and technical
14 education and vocational education courses and directly related equipment and
15 facilities.

16 11. A joint technical education district or a school district that is
17 part of a joint district shall only include pupils in grades nine through
18 twelve in the calculation of average daily membership ~~or average daily~~
19 ~~attendance~~ if the pupils are enrolled in courses that are approved jointly by
20 the governing board of the joint technical education district and each
21 participating school district for satellite courses taught within the
22 participating school district, or approved solely by the joint technical
23 education district for centrally located courses. Average daily membership
24 ~~and average daily attendance~~ from courses that are not part of an approved
25 program for career and technical education shall not be included in average
26 daily membership ~~and average daily attendance~~ of a joint technical education
27 district. A student in grade nine who enrolls in a career exploration course
28 shall not be included in the joint district's ~~average daily attendance or~~
29 average daily membership.

30 E. The joint board shall appoint a superintendent as the executive
31 officer of the joint district.

32 F. Taxes may be levied for the support of the joint district as
33 prescribed in chapter 9, article 6 of this title, except that a joint
34 technical education district shall not levy a property tax pursuant to law
35 that exceeds five cents per one hundred dollars assessed valuation except for
36 bond monies pursuant to subsection D, paragraph 1 of this section. Except
37 for the taxes levied pursuant to section 15-994, such taxes shall be obtained
38 from a levy of taxes on the taxable property used for secondary tax purposes.

39 G. The schools in the joint district are available to all persons who
40 reside in the joint district subject to the rules for admission prescribed by
41 the joint board.

42 H. The joint board may collect tuition for adult students and the
43 attendance of pupils who are residents of school districts that are not
44 participating in the joint district pursuant to arrangements made between the
45 governing board of the district and the joint board.

1 I. The joint board may accept gifts, grants, federal monies, tuition
2 and other allocations of monies to erect, repair and equip buildings and for
3 the cost of operation of the schools of the joint district.

4 J. One member of the joint board shall be selected chairman. The
5 chairman shall be selected annually on a rotation basis from among the
6 participating school districts. The chairman of the joint board shall be a
7 voting member.

8 K. A joint board and a community college district may enter into
9 agreements for the provision of administrative, operational and educational
10 services and facilities.

11 L. Any agreement between the governing board of a joint technical
12 education district and another joint technical education district, a school
13 district, a charter school or a community college district shall be in the
14 form of an intergovernmental agreement or other written contract. The
15 auditor general shall modify the uniform system of financial records and
16 budget forms in accordance with this subsection. The intergovernmental
17 agreement or other written contract shall completely and accurately specify
18 each of the following:

19 1. The financial provisions of the intergovernmental agreement or
20 other written contract and the format for the billing of all services.

21 2. The accountability provisions of the intergovernmental agreement or
22 other written contract.

23 3. The responsibilities of each joint technical education district,
24 each school district, each charter school and each community college district
25 that is a party to the intergovernmental agreement or other written contract.

26 4. The type of instruction that will be provided under the
27 intergovernmental agreement or other written contract, including
28 individualized education programs pursuant to section 15-763.

29 5. The quality of the instruction that will be provided under the
30 intergovernmental agreement or other written contract.

31 6. The transportation services that will be provided under the
32 intergovernmental agreement or other written contract and the manner in which
33 transportation costs will be paid.

34 7. The amount that the joint technical education district will
35 contribute to a course and the amount of support required by the school
36 district or the community college.

37 8. That the services provided by the joint technical education
38 district, the school district, the charter school or the community college
39 district be proportionally calculated in the cost of delivering the service.

40 9. That the payment for services shall not exceed the cost of the
41 services provided.

42 ~~10. That any initial intergovernmental agreement or other written~~
43 ~~contract and any addendums between the governing board of a joint technical~~
44 ~~education district and another joint technical education district, a school~~
45 ~~district, a charter school or a community college district be submitted by~~

~~1 the joint technical education district to the joint legislative budget
2 committee for review.~~

3 M. On or before December 31 of each year, each joint technical
4 education district shall submit a detailed report to the career and technical
5 education division of the department of education. The career and technical
6 education division of the department of education shall collect, summarize
7 and analyze the data submitted by the joint districts, shall submit an annual
8 report that summarizes the data submitted by the joint districts to the
9 governor, the speaker of the house of representatives, the president of the
10 senate and the state board of education and shall submit a copy of this
11 report to the secretary of state. The data submitted by each joint technical
12 education district shall include the following:

- 13 1. The average daily membership of the joint district.
- 14 2. The program listings and program descriptions of programs offered
15 by the joint district, including the course sequences for each program.
- 16 3. The costs associated with each program offered by the joint
17 district.
- 18 4. The completion rate for each program offered by the joint district.
19 For the purposes of this paragraph, "completion rate" means the completion
20 rate for students who are designated as concentrators in that program by the
21 department of education under the career and technology approved plan.
- 22 5. The graduation rate from the school district of residence of
23 students who have completed a program in the joint district.
- 24 6. A detailed description of the career opportunities available to
25 students after completion of the program offered by the joint district.
- 26 7. A detailed description of the career placement of students who have
27 completed the program offered by the joint district.
- 28 8. Any other data deemed necessary by the department of education to
29 carry out its duties under this subsection.

30 N. If the career and technical education division of the department of
31 education determines that a course does not meet the criteria for approval as
32 a joint technical education course, the governing board of the joint
33 technical education district may appeal this decision to the state board of
34 education acting as the state board of vocational education.

35 O. Notwithstanding any other law, the average daily membership of a
36 pupil who is enrolled in a course that meets for at least one hundred fifty
37 minutes per class period at a centralized campus owned and operated by a
38 joint technical education district shall be 0.75. The sum of daily
39 attendance, as provided in section 15-901, subsection A, paragraph 6 and the
40 sum of the fractional student enrollment, as provided in section 15-901,
41 subsection A, paragraph 2, subdivision (a), for that pupil in both the member
42 school district and joint technical education district courses provided at a
43 community college pursuant to subsection K of this section or at a facility
44 owned and operated by a joint technical education district that is not
45 located on a site of a member district shall not exceed 1.75. The member

1 school district and the joint district shall determine the apportionment of
2 the daily attendance and student enrollment for that pupil between the member
3 school district and the joint district, except the amount apportioned shall
4 not exceed 1.0 for either entity.

5 P. For the purposes of this section, "base year" means the complete
6 school year in which voters of a school district elected to join a joint
7 technical education district.

8 Sec. 9. Repeal

9 Section 15-393, Arizona Revised Statutes, as amended by Laws 2010,
10 chapter 318, section 5, is repealed.

11 Sec. 10. Section 15-1821.01, Arizona Revised Statutes, is amended to
12 read:

13 15-1821.01. Dual enrollment information

14 On a determination by a community college district governing board that
15 it is in the best interest of the citizens of a district, the district
16 governing board may authorize district community colleges to offer college
17 courses that may be counted toward both high school and college graduation
18 requirements at the high school during the school day subject to the
19 following:

20 1. The community college district governing board and the governing
21 board of the school district or organization of which the high school is a
22 part shall enter into an agreement or contract. These intergovernmental
23 agreements or contracts shall be based on a uniform format that has been
24 cooperatively developed by the community college districts in this state. ~~On~~
25 ~~or before August 1 of each year, the joint legislative budget committee shall~~
26 ~~notify each community college district to report on or before October 1 of~~
27 ~~each year a specified percentage of its initial intergovernmental agreements~~
28 ~~or contracts executed with school district governing boards or charter~~
29 ~~schools.~~ Each of these agreements or contracts shall clearly specify the
30 following:

31 (a) The financial provisions of the agreement or contract and the
32 format for the billing of all services under the agreement or contract,
33 including the amount that the community college received in full-time student
34 equivalent funding pursuant to section 15-1466.01, the portion of the funding
35 that is distributed to the school district governing board or charter school
36 and any amount that is subsequently returned to the community college
37 district by the school district governing board or charter school.

38 (b) Student tuition and financial aid policies, including if
39 scholarships or grants are awarded to students in dual enrollment courses
40 from the community college.

41 (c) The accountability provisions for each party to the agreement or
42 contract.

43 (d) The responsibilities and services required of each party to the
44 agreement or contract.

1 (e) The type of instruction that will be provided under the agreement
2 or contract, including the titles of the courses to be offered.

3 (f) The quality of the instruction that will be provided under the
4 agreement or contract.

5 2. Students shall be admitted to the community college under the
6 policies adopted by each district, subject to the following:

7 (a) All students enrolled for college credit shall be high school
8 juniors or seniors. All students in the course, including those not electing
9 to enroll for college credit, shall satisfy the prerequisites for the course
10 as published in the college catalog and shall comply with college policies
11 regarding student placement in courses.

12 (b) A community college may waive the class status requirements
13 specified in subdivision (a) of this paragraph for up to twenty-five per cent
14 of the students enrolled by a college in courses provided that the community
15 college has an established written criteria for waiving the requirements for
16 each course. These criteria shall include a demonstration, by an examination
17 of the specific purposes and requirements of the course, that freshman and
18 sophomore students who meet course prerequisites are prepared to benefit from
19 the college level course. All exceptions and the justification for the
20 exceptions shall be reported annually to the joint legislative budget
21 committee on or before October 1.

22 3. The courses shall be previously evaluated and approved through the
23 curriculum approval process of the district, shall be at a higher level than
24 taught by the high school and shall be transferable to a university under the
25 jurisdiction of the Arizona board of regents or be applicable to an
26 established community college occupational degree or certificate program.
27 Physical education courses shall not be available for dual enrollment
28 purposes.

29 4. College approved textbooks, syllabuses, course outlines and grading
30 standards that are applicable to the courses if taught at the community
31 college shall apply to these courses and to all students in the courses
32 offered pursuant to this section. The chief executive officer of each
33 community college shall establish an advisory committee of full-time faculty
34 who teach in the disciplines offered at the community college to assist in
35 course selection and implementation in the high schools and to review and
36 report at least annually to the chief executive officer whether the course
37 goals and standards are understood, the course guidelines are followed and
38 the same standards of expectation and assessment are applied to these courses
39 as though they were being offered at the community college. The advisory
40 committee of full-time faculty shall meet at least three times each academic
41 year.

42 5. Each faculty member shall meet the requirements established by the
43 governing board pursuant to section 15-1444. The chief executive officer of
44 each community college district shall establish an advisory committee of
45 full-time faculty who teach in the disciplines offered at the community

1 college district to assist in the selection, orientation, ongoing
2 professional development and evaluation of faculty teaching college courses
3 in conjunction with the high schools. The advisory committee of full-time
4 faculty shall meet at least two times each academic year.

5 6. Each community college district shall conduct tracking studies of
6 subsequent academic or occupational achievement of students enrolled in
7 courses offered pursuant to this section. The reports of the results of the
8 tracking studies shall be submitted to the joint legislative budget committee
9 on or before October 1 of each odd-numbered year, subject to the following:

10 (a) The tracking studies prescribed in this paragraph may involve
11 statistically valid sampling techniques and shall include, at a minimum, the
12 high school graduation rate, the number of students continuing their studies
13 after graduation at a community college in this state or a university under
14 the jurisdiction of the Arizona board of regents, the performance of the
15 students in subsequent college courses in the same discipline or occupational
16 field and the student's grade point average after one year at an Arizona
17 community college or university as compared to the student's college grade
18 point average for courses completed while still in high school.

19 (b) On receipt of the report of the tracking studies prescribed in
20 this paragraph, the joint legislative budget committee may convene an ad hoc
21 committee that includes community college academic officers, faculty and
22 other experts in the field to review the manner in which these courses are
23 provided. This committee may make recommendations to the joint legislative
24 budget committee regarding desirable changes in this section or in the manner
25 in which this section is being implemented. A copy of this report shall be
26 provided to each district governing board.

27 7. A school district shall ensure that a pupil is a full-time student
28 as defined in section 15-901 and is enrolled in and attending a full-time
29 instructional program at a school in the school district before that pupil is
30 allowed to enroll in a college course pursuant to this section, except that
31 high school seniors who satisfy high school graduation requirements with less
32 than a full-time instructional program shall be exempt from this paragraph.

33 Sec. 11. Section 15-1853, Arizona Revised Statutes, is amended to
34 read:

35 15-1853. Funding; federal monies; postsecondary education fund

36 A. The postsecondary education fund is established consisting of:

37 1. Monies appropriated by the legislature.

38 2. Monies received from state agencies and political subdivisions of
39 this state.

40 3. Monies received from the United States government, including monies
41 received from the United States department of education pursuant to
42 subsection B of this section.

43 4. Gifts, grants and donations received from any private source to
44 carry out the duties and responsibilities of the commission.

1 B. The commission may receive monies distributed by the United States
2 department of education for the reimbursement of the costs of performing
3 review requirements. The costs may include expenses for the supplementation
4 of existing review functions, work performed by subcontractors or consultants
5 in connection with the review functions of the commission and any other
6 administrative expenses necessary for compliance with title IV, part H,
7 subpart one of the higher education amendments of 1992. No more than
8 thirteen per cent of amounts received by the commission from the United
9 States department of education may be utilized for administrative purposes by
10 the commission.

11 C. The commission shall administer the fund in compliance with the
12 requirements of this article. The commission shall separately account for
13 monies received from each source listed in subsection A of this section and
14 may establish accounts and subaccounts of the fund as necessary to carry out
15 the requirements of this subsection.

16 D. Monies obtained pursuant to subsection A, paragraphs 1 through 3 of
17 this section are subject to legislative appropriation. The commission shall
18 not use these monies for purposes other than those designated by special line
19 items for which the monies are received.

20 E. Monies obtained pursuant to subsection A, paragraph 4 of this
21 section are continuously appropriated. These monies shall be used in
22 accordance with the requests of the donor. If no request is specified, the
23 monies may be used for additional responsibilities of the commission
24 prescribed in section 15-1851, subsection B and section 15-1852, subsection
25 B, paragraphs 8 and 9.

26 ~~F. The commission shall report quarterly to the joint legislative~~
27 ~~budget committee on fund deposits and expenditures.~~

28 Sec. 12. Section 15-2041, Arizona Revised Statutes, is amended to
29 read:

30 15-2041. New school facilities fund; capital plan; report

31 A. A new school facilities fund is established consisting of monies
32 appropriated by the legislature and monies credited to the fund pursuant to
33 section 37-221. The school facilities board shall administer the fund and
34 distribute monies, as a continuing appropriation, to school districts for the
35 purpose of constructing new school facilities and for contracted expenses
36 pursuant to section 15-2002, subsection B, paragraphs 2, 3 and 4. On June 30
37 of each fiscal year, any unobligated contract monies in the new school
38 facilities fund shall be transferred to the capital reserve fund established
39 by section 15-2003.

40 B. The school facilities board shall prescribe a uniform format for
41 use by the school district governing board in developing and annually
42 updating a capital plan that consists of each of the following:

43 1. Enrollment projections for the next five years for elementary
44 schools and eight years for middle and high schools, including a description
45 of the methods used to make the projections.

1 2. A description of new schools or additions to existing schools
2 needed to meet the building adequacy standards prescribed in section 15-2011.
3 The description shall include:

4 (a) The grade levels and the total number of pupils that the school or
5 addition is intended to serve.

6 (b) The year in which it is necessary for the school or addition to
7 begin operations.

8 (c) A timeline that shows the planning and construction process for
9 the school or addition.

10 3. Long-term projections of the need for land for new schools.

11 4. Any other necessary information required by the school facilities
12 board to evaluate a school district's capital plan.

13 5. If a school district pays tuition for all or a portion of the
14 school district's high school pupils to another school district, the capital
15 plan shall indicate the number of pupils for which the district pays tuition
16 to another district. If a school district accepts pupils from another school
17 district pursuant to section 15-824, subsection A, the school district shall
18 indicate the projections for this population separately. This paragraph does
19 not apply to a small isolated school district as defined in section 15-901.

20 C. If the capital plan indicates a need for a new school or
21 addition to an existing school within the next four years or a need for land
22 within the next ten years, the school district shall submit its plan to the
23 school facilities board by September 1 and shall request monies from the new
24 school facilities fund for the new construction or land. The school
25 facilities board may require a school district to sell land that was
26 previously purchased entirely with monies provided by the school facilities
27 board if the school facilities board determines that the property is no
28 longer needed within the ten year period specified in this subsection for a
29 new school or no longer needed within that ten year period for an addition to
30 an existing school. Monies provided for land shall be in addition to any
31 monies provided pursuant to subsection D of this section.

32 D. The school facilities board shall distribute monies from the new
33 school facilities fund as follows:

34 1. The school facilities board shall review and evaluate the
35 enrollment projections and either approve the projections as submitted or
36 revise the projections. In determining new construction requirements, the
37 school facilities board shall determine the net new growth of pupils that
38 will require additional square footage that exceeds the building adequacy
39 standards prescribed in section 15-2011. If the projected growth and the
40 existing number of pupils exceed three hundred fifty pupils who are served in
41 a school district other than the pupil's resident school district, the school
42 facilities board, the receiving school district and the resident school
43 district shall develop a capital facilities plan on how to best serve those
44 pupils. A small isolated school district as defined in section 15-901 is not
45 required to develop a capital facilities plan pursuant to this paragraph.

1 2. If the approved projections indicate that additional space will not
2 be needed within the next two years for elementary schools or three years for
3 middle or high schools in order to meet the building adequacy standards
4 prescribed in section 15-2011, the request shall be held for consideration by
5 the school facilities board for possible future funding and the school
6 district shall annually submit an updated plan until the additional space is
7 needed.

8 3. If the approved projections indicate that additional space will be
9 needed within the next two years for elementary schools or three years for
10 middle or high schools in order to meet the building adequacy standards
11 prescribed in section 15-2011, the school facilities board shall provide an
12 amount as follows:

13 (a) Determine the number of pupils requiring additional square footage
14 to meet building adequacy standards. This amount for elementary schools
15 shall not be less than the number of new pupils for whom space will be needed
16 in the next year and shall not exceed the number of new pupils for whom space
17 will be needed in the next five years. This amount for middle and high
18 schools shall not be less than the number of new pupils for whom space will
19 be needed in the next four years and shall not exceed the number of new
20 pupils for whom space will be needed in the next eight years.

21 (b) Multiply the number of pupils determined in subdivision (a) of
22 this paragraph by the square footage per pupil. The square footage per pupil
23 is ninety square feet per pupil for preschool children with disabilities,
24 kindergarten programs and grades one through six, one hundred square feet for
25 grades seven and eight, one hundred thirty-four square feet for a school
26 district that provides instruction in grades nine through twelve for fewer
27 than one thousand eight hundred pupils and one hundred twenty-five square
28 feet for a school district that provides instruction in grades nine through
29 twelve for at least one thousand eight hundred pupils. The total number of
30 pupils in grades nine through twelve in the district shall determine the
31 square footage factor to use for net new pupils. The school facilities board
32 may modify the square footage requirements prescribed in this subdivision for
33 particular schools based on any of the following factors:

34 (i) The number of pupils served or projected to be served by the
35 school district.

36 (ii) Geographic factors.

37 (iii) Grade configurations other than those prescribed in this
38 subdivision.

39 (iv) Compliance with minimum school facility adequacy requirements
40 established pursuant to section 15-2011.

41 (c) Multiply the product obtained in subdivision (b) of this paragraph
42 by the cost per square foot. The cost per square foot is ninety dollars for
43 preschool children with disabilities, kindergarten programs and grades one
44 through six, ninety-five dollars for grades seven and eight and one hundred
45 ten dollars for grades nine through twelve. The cost per square foot shall

1 be adjusted annually for construction market considerations based on an index
2 identified or developed by the joint legislative budget committee as
3 necessary but not less than once each year. The school facilities board
4 shall multiply the cost per square foot by 1.05 for any school district
5 located in a rural area. The school facilities board may only modify the
6 base cost per square foot prescribed in this subdivision for particular
7 schools based on geographic conditions or site conditions. For the purposes
8 of this subdivision, "rural area" means an area outside a thirty-five mile
9 radius of a boundary of a municipality with a population of more than fifty
10 thousand persons.

11 (d) Once the school district governing board obtains approval from the
12 school facilities board for new facility construction funds, additional
13 portable or modular square footage created for the express purpose of
14 providing temporary space for pupils until the completion of the new facility
15 shall not be included by the school facilities board for the purpose of new
16 construction funding calculations. On completion of the new facility
17 construction project, if the portable or modular facilities continue in use,
18 the portable or modular facilities shall be included as prescribed by this
19 chapter, unless the school facilities board approves their continued use for
20 the purpose of providing temporary space for pupils until the completion of
21 the next new facility that has been approved for funding from the new school
22 facilities fund.

23 4. For projects approved after December 31, 2001, and notwithstanding
24 paragraph 3 of this subsection, a unified school district that does not have
25 a high school is not eligible to receive high school space as prescribed by
26 section 15-2011 and this section unless the unified district qualifies for
27 geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of
28 this subsection.

29 5. If a joint technical education district leases a building from a
30 school district, that building shall be included in the school district's
31 square footage calculation for the purposes of new construction pursuant to
32 this section.

33 E. Monies for architectural and engineering fees, project management
34 services and preconstruction services shall be distributed on the completion
35 of the analysis by the school facilities board of the school district's
36 request. After receiving monies pursuant to this subsection, the school
37 district shall submit a design development plan for the school or addition to
38 the school facilities board before any monies for construction are
39 distributed. If the school district's request meets the building adequacy
40 standards, the school facilities board may review and comment on the
41 district's plan with respect to the efficiency and effectiveness of the plan
42 in meeting state square footage and facility standards before distributing
43 the remainder of the monies. If the school facilities board modifies the
44 cost per square foot as prescribed in subsection D, paragraph 3, subdivision
45 (c) of this section, the school facilities board may deduct the cost of

1 project management services and preconstruction services from the required
2 cost per square foot. The school facilities board may decline to fund the
3 project if the square footage is no longer required due to revised enrollment
4 projections.

5 F. The school facilities board shall distribute the monies needed for
6 land for new schools so that land may be purchased at a price that is less
7 than or equal to fair market value and in advance of the construction of the
8 new school. If necessary, the school facilities board may distribute monies
9 for land to be leased for new schools if the duration of the lease exceeds
10 the life expectancy of the school facility by at least fifty per cent. A
11 school district shall not use land purchased or partially purchased with
12 monies provided by the school facilities board for a purpose other than a
13 site for a school facility without obtaining prior written approval from the
14 school facilities board. A school district shall not lease, sell or take any
15 action that would diminish the value of land purchased or partially purchased
16 with monies provided by the school facilities board without obtaining prior
17 written approval from the school facilities board. The proceeds derived
18 through the sale of any land purchased or partially purchased with monies
19 provided by the school facilities board shall be returned to the state fund
20 from which it was appropriated and to any other participating entity on a
21 proportional basis. Except as provided in section 15-342, paragraph 33, if a
22 school district acquires real property by donation at an appropriate school
23 site approved by the school facilities board, the school facilities board
24 shall distribute an amount equal to twenty per cent of the fair market value
25 of the donated real property that can be used for academic purposes. The
26 school district shall place the monies in the unrestricted capital outlay
27 fund and increase the unrestricted capital budget limit by the amount of
28 monies placed in the fund. Monies distributed under this subsection shall be
29 distributed from the new school facilities fund. A school district that
30 receives monies from the new school facilities fund for a donation of land
31 pursuant to section 15-342, paragraph 33 shall not receive monies from the
32 school facilities board for the donation of real property pursuant to this
33 subsection. A school district shall not pay a consultant a percentage of the
34 value of any of the following:

35 1. Donations of real property, services or cash from any of the
36 following:

37 (a) Entities that have offered to provide construction services to the
38 school district.

39 (b) Entities that have been contracted to provide construction
40 services to the school district.

41 (c) Entities that build residential units in that school district.

42 (d) Entities that develop land for residential use in that school
43 district.

44 2. Monies received from the school facilities board on behalf of the
45 school district.

1 3. Monies paid by the school facilities board on behalf of the school
2 district.

3 G. In addition to distributions to school districts based on pupil
4 growth projections, a school district may submit an application to the school
5 facilities board for monies from the new school facilities fund if one or
6 more school buildings have outlived their useful life. If the school
7 facilities board determines that the school district needs to build a new
8 school building for these reasons, the school facilities board shall remove
9 the square footage computations that represent the building from the
10 computation of the school district's total square footage for purposes of
11 this section. If the square footage recomputation reflects that the school
12 district no longer meets building adequacy standards, the school district
13 qualifies for a distribution of monies from the new school construction
14 formula in an amount determined pursuant to subsection D of this section.
15 Buildings removed from a school district's total square footage pursuant to
16 this subsection shall not be included in the computation of monies from the
17 building renewal fund established by section 15-2031. The school facilities
18 board may only modify the base cost per square foot prescribed in this
19 subsection under extraordinary circumstances for geographic factors or site
20 conditions.

21 H. School districts that receive monies from the new school facilities
22 fund shall establish a district new school facilities fund and shall use the
23 monies in the district new school facilities fund only for the purposes
24 prescribed in this section. By October 15 of each year, each school district
25 shall report to the school facilities board the projects funded at each
26 school in the previous fiscal year with monies from the district new school
27 facilities fund and shall provide an accounting of the monies remaining in
28 the new school facilities fund at the end of the previous fiscal year.

29 I. If a school district has surplus monies received from the new
30 school facilities fund, the school district may use the surplus monies only
31 for capital purposes for the project for up to one year after completion of
32 the project. If the school district possesses surplus monies from the new
33 school construction project that have not been expended within one year of
34 the completion of the project, the school district shall return the surplus
35 monies to the school facilities board for deposit in the new school
36 facilities fund.

37 J. The board's consideration of any application filed after December
38 31 of the year in which the property becomes territory in the vicinity of a
39 military airport or ancillary military facility as defined in section 28-8461
40 for monies to fund the construction of new school facilities proposed to be
41 located in territory in the vicinity of a military airport or ancillary
42 military facility shall include, if after notice is transmitted to the
43 military airport pursuant to section 15-2002 and before the public hearing
44 the military airport provides comments and an analysis concerning
45 compatibility of the proposed school facilities with the high noise or

1 accident potential generated by military airport or ancillary military
2 facility operations that may have an adverse effect on public health and
3 safety, consideration and analysis of the comments and analysis provided by
4 the military airport before making a final determination.

5 K. If a school district uses its own project manager for new school
6 construction, the members of the school district governing board and the
7 project manager shall sign an affidavit stating that the members and the
8 project manager understand and will follow the minimum adequacy requirements
9 prescribed in section 15-2011.

10 L. The school facilities board shall establish a separate account in
11 the new school facilities fund designated as the litigation account to pay
12 attorney fees, expert witness fees and other costs associated with litigation
13 in which the school facilities board pursues the recovery of damages for
14 deficiencies correction that resulted from alleged construction defects or
15 design defects that the school facilities board believes caused or
16 contributed to a failure of the school building to conform to the building
17 adequacy requirements prescribed in section 15-2011. Attorney fees paid
18 pursuant to this subsection shall not exceed the market rate for similar
19 types of litigation. ~~The joint committee on capital review shall conduct an~~
20 ~~annual review of the litigation account, including the costs associated with~~
21 ~~current and potential litigation.~~ ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE
22 SCHOOL FACILITIES BOARD SHALL REPORT TO THE JOINT COMMITTEE ON CAPITAL REVIEW
23 THE COSTS ASSOCIATED WITH CURRENT AND POTENTIAL LITIGATION THAT MAY BE PAID
24 FROM THE LITIGATION ACCOUNT.

25 M. Until the state board of education and the auditor general adopt
26 rules pursuant to section 15-213, subsection I, the school facilities board
27 may allow school districts to contract for construction services and
28 materials through the qualified select bidders list method of project
29 delivery for new school facilities pursuant to this section.

30 N. The school facilities board shall submit electronically a report on
31 project management services and preconstruction services to the governor, the
32 president of the senate and the speaker of the house of representatives by
33 December 31 of each year. The report shall compare projects that use project
34 management and preconstruction services with those that do not. The report
35 shall address cost, schedule and other measurable components of a
36 construction project. School districts, construction manager at risk firms
37 and project management firms that participate in a school facilities board
38 funded project shall provide the information required by the school
39 facilities board in relation to this report.

40 O. If a school district constructs new square footage according to
41 section 15-342, paragraph 33, the school facilities board shall review the
42 design plans and location of any new school facility submitted by school
43 districts and another party to determine whether the design plans comply with
44 the adequacy standards prescribed in section 15-2011 and the square footage
45 per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b)

1 of this section. When the school district qualifies for a distribution of
2 monies from the new school facilities fund according to this section, the
3 school facilities board shall distribute monies to the school district from
4 the new school facilities fund for the square footage constructed under
5 section 15-342, paragraph 33 at the same cost per square foot established by
6 this section that was in effect at the time of the beginning of the
7 construction of the school facility. Before the school facilities board
8 distributes any monies pursuant to this subsection, the school district shall
9 demonstrate to the school facilities board that the facilities to be funded
10 pursuant to this section meet the minimum adequacy standards prescribed in
11 section 15-2011. The agreement entered into pursuant to section 15-342,
12 paragraph 33 shall set forth the procedures for the allocation of these funds
13 to the parties that participated in the agreement.

14 Sec. 13. Section 21-222, Arizona Revised Statutes, is amended to read:
15 21-222. Arizona lengthy trial fund

16 A. The Arizona lengthy trial fund is established consisting of monies
17 received from the additional fees paid on all filings, appearances, responses
18 and answers pursuant to section 12-115. The monies in the fund shall not be
19 used for any purpose other than as prescribed in this section.

20 B. The supreme court shall administer the fund and shall adopt rules
21 for the administration of the fund. Not more than three per cent of the
22 monies in the fund shall be used for the reasonable and necessary costs of
23 administering the fund. On or before the fifteenth day of each month, on
24 receipt of a request for reimbursement the supreme court shall transmit
25 monies from the fund to a jury commissioner for monies paid to a juror under
26 this section, together with a fee of not less than the amount prescribed in
27 section 12-284, subsection A, class E for each application for payment of
28 replacement or supplemental earnings by a juror.

29 C. Subject to the availability of monies, monies in the fund shall be
30 used to pay full or partial earnings replacement or supplementation to jurors
31 who serve as petit jurors for more than five days and who receive less than
32 full compensation. The amount of replacement or supplemental earnings shall
33 be at least forty dollars but not more than three hundred dollars per day per
34 juror beginning on the fourth day of jury service.

35 D. A juror whose jury service lasts more than five days may submit a
36 request for payment from the fund. The amount a juror receives from the fund
37 is limited to the difference between the jury fee prescribed in section
38 21-221 and the actual amount of earnings a juror earns, not less than forty
39 dollars, up to the maximum level payable under subsection C of this section,
40 minus any amount the juror actually received from the juror's employer during
41 the same time period. A juror who requests payment from the fund:

42 1. Shall disclose on the form the juror's regular earnings, the amount
43 the juror's employer will pay during the term of jury service starting on the
44 fourth day and thereafter, the amount of replacement or supplemental earnings

1 being requested and any other information that the jury commissioner deems
2 necessary.

3 2. Before receiving payment from the fund, shall submit verification
4 from the juror's employer, if any, regarding the earnings information that is
5 provided under paragraph 1. This verification may include the employee's
6 most recent earnings statement or a similar document.

7 3. In order to verify the weekly income if the juror is self-employed
8 or receives compensation other than wages, shall provide a sworn affidavit
9 attesting to the juror's approximate gross weekly income, together with any
10 other information that the supreme court requires.

11 E. Jurors who are unemployed and are not eligible for payment pursuant
12 to subsections C and D of this section are eligible to be paid forty dollars
13 per day, even if they receive income in the form of spousal maintenance,
14 pensions, retirement, unemployment compensation, disability benefits or other
15 similar income. Commissioners shall not deduct these other forms of income
16 in calculating the amount these jurors are to be paid from the fund.

17 ~~F. The supreme court shall annually report to the joint legislative~~
18 ~~budget committee on the amount of monies collected and disbursed from the~~
19 ~~fund and the number of jurors who received monies from the fund. Beginning~~
20 ~~July 1, 2011, the report shall be submitted electronically.~~

21 Sec. 14. Section 23-773, Arizona Revised Statutes, is amended to read:

22 23-773. Examination and determination of claims

23 A. A representative designated by the department as a deputy shall
24 promptly examine any claim for benefits and, on the basis of the facts found
25 by the deputy, shall determine whether or not the claim is valid. If the
26 claim is valid, the deputy shall also determine the week with respect to
27 which the benefit year shall commence, the weekly benefit amount payable and
28 the maximum duration of the benefit.

29 B. The deputy shall promptly notify the claimant and any other
30 interested parties of the determination and the reasons for the
31 determination. Except as provided in subsection D of this section, unless
32 the claimant or an interested party, within seven calendar days after the
33 delivery of notification, or within fifteen calendar days after notification
34 was mailed to the claimant's or interested party's last known address, files
35 an appeal from the determination, it shall become final, and benefits shall
36 be paid or denied in accordance with the determination. The department shall
37 adopt rules to allow an appeal to be filed in writing, electronically or by
38 telephone. If an appeal tribunal affirms a determination of the deputy
39 allowing benefits, or the appeals board affirms a determination or decision
40 allowing benefits, the benefits shall be paid regardless of any appeal that
41 may thereafter be taken, but if that decision is finally reversed, no
42 employer's account shall be charged with benefits so paid.

43 C. On receipt of a request from an interested party for information
44 about a deputy's determination made pursuant to this section or section
45 23-673, the department shall make available by memorandum or other written

1 document within five days after receipt of the request the following
2 information:

3 1. The facts considered and the facts relied on in making the
4 determination.

5 2. The specific statutes, regulations or other authority relied on in
6 making the determination.

7 3. The reasoning applied in making the determination.

8 D. Before the time for appeal as prescribed in subsection B of this
9 section has expired, an interested party may request a reconsidered
10 determination. The department shall examine the request and, within seven
11 calendar days, deny the request or issue a reconsidered determination. ~~If
12 the department denies the request based on an alleged failure of the
13 interested party to make a timely response but the interested party
14 subsequently proves that the response was timely filed and received by the
15 department, the department shall report that result to the joint legislative
16 budget committee.~~ The interested party may prove that a response was timely
17 filed by using evidence of fax records that documents the date and time when
18 a faxed response was transmitted and received by the department. A request
19 for reconsideration that is denied shall be treated as an appeal, and the
20 same procedure shall be followed as provided for in case of appeal from the
21 original determination. If a reconsidered determination is issued, the time
22 for appeal shall run from the date of issuance of the reconsidered
23 determination. The employer and the claimant shall each be permitted no more
24 than one request for reconsideration on each case.

25 E. Before the actual filing of an appeal under subsection B of this
26 section, but not later than the time permitted to appeal, the department on
27 its own motion may issue a reconsidered determination. After the time for
28 appeal has expired, but within one year after the issuance of the original
29 determination, the department with authorization of the unemployment
30 insurance program administrator may issue a reconsidered determination, on
31 the basis of newly discovered evidence that by due diligence could not have
32 been previously discovered, if no administrative or judicial review has
33 occurred or is pending on the original determination. If a redetermination
34 is based on fraud, the one year limitation on the issuance of
35 redeterminations does not apply.

36 F. Prompt notice in writing of any reconsidered determination under
37 subsection E of this section and the reasons for reconsideration shall be
38 given to all interested parties. An interested party may appeal within the
39 time prescribed under subsection B of this section, and the same procedure
40 shall be followed as provided for in case of an appeal from the original
41 determination.

42 Sec. 15. Section 27-935, Arizona Revised Statutes, is amended to read:

43 27-935. Plan review and evaluation by private consultants

44 A. Subject to section 38-503 and other applicable statutes and rules,
45 the state mine inspector may contract with a private consultant for the

1 purpose of assisting the inspector in reviewing reclamation plans that are
2 submitted under this chapter to determine whether the plans meet the criteria
3 and requirements of this chapter and the rules adopted by the inspector.

4 B. The inspector shall pay the consultant for the services rendered
5 from the inspector's appropriation under section 27-934. ~~The inspector shall~~
6 ~~report to the staff director of the joint legislative budget committee:~~

7 ~~1. Expenditures of money for purposes of this section.~~

8 ~~2. The name and address of each consultant.~~

9 ~~3. The plan submittals that cause the expenditure of the monies.~~

10 Sec. 16. Section 27-1234, Arizona Revised Statutes, is amended to
11 read:

12 27-1234. Plan review and evaluation by private consultants

13 A. Subject to section 38-503 and other applicable statutes and rules,
14 the state mine inspector may contract with a private consultant for the
15 purpose of assisting the inspector in reviewing reclamation plans that are
16 submitted under this chapter to determine whether the plans meet the criteria
17 and requirements of this chapter and the rules adopted by the inspector.

18 B. The inspector shall pay the consultant for the services rendered
19 from the inspector's appropriation under section 27-1233. ~~The inspector~~
20 ~~shall report to the staff director of the joint legislative budget committee:~~

21 ~~1. Expenditures of money for purposes of this section.~~

22 ~~2. The name and address of each consultant.~~

23 ~~3. The plan submittals that cause the expenditure of the monies.~~

24 Sec. 17. Section 28-2404, Arizona Revised Statutes, is amended to
25 read:

26 28-2404. Special organization license plates

27 A. Special organization license plates authorized before ~~the effective~~
28 ~~date of this section~~ **SEPTEMBER 30, 2009** remain valid license plates issued by
29 this state unless the legislature enacts legislation specifically terminating
30 those license plates.

31 B. The department shall issue special organization license plates
32 authorized before ~~the effective date of this section~~ **SEPTEMBER 30, 2009** to
33 initial applicants or applicants requesting a duplicate, replacement or new
34 license plate.

35 C. The director shall allow a request for a special organization
36 license plate authorized before ~~the effective date of this section~~ **SEPTEMBER**
37 **30, 2009** to be combined with a request for personalized special plates if the
38 organization makes the request and pays the department the monies necessary
39 as determined by the department to cover the department's costs to implement
40 the combination. The request shall be in a form prescribed by the director
41 and is subject to the fees for the personalized special plates in addition to
42 the fees required for the organization special license plate. ~~After~~
43 ~~receiving a request from an organization to allow for a combination of the~~
44 ~~special organization license plate with personalized special plates, the~~

1 ~~department shall provide to the joint legislative budget committee a detailed~~
2 ~~written statement of the implementation costs of the combination.~~

3 D. An organization that receives authorization for a special
4 organization license plate before ~~the effective date of this section~~
5 **SEPTEMBER 30, 2009** may redesign the special organization license plate if the
6 new design is approved by the department and the organization pays thirty-two
7 thousand dollars to the department to issue the redesigned special
8 organization license plate.

9 E. Of the twenty-five dollar fee required by section 28-2402 for the
10 original special plates and for renewal of special plates, eight dollars is a
11 special plate administration fee and seventeen dollars is an annual donation.

12 F. The department shall deposit, pursuant to sections 35-146 and
13 35-147, all special plate administration fees in the state highway fund
14 established by section 28-6991 and shall distribute all donations collected
15 pursuant to this section as authorized in a written resolution of the entity
16 that provides the thirty-two thousand dollars to the department pursuant to
17 subsection D of this section. The entity must use the donations for the same
18 purpose as originally approved.

19 G. The department shall issue special organization license plates
20 authorized before ~~the effective date of this section~~ **SEPTEMBER 30, 2009** to
21 applicants who are otherwise qualified by law for the license plates and who
22 are not members of the organization if the department receives a written
23 resolution from the organization requesting issuance to nonmembers.

24 Sec. 18. Section 28-7009, Arizona Revised Statutes, is amended to
25 read:

26 **28-7009. Statewide transportation acceleration needs account;**
27 **establishment; definition**

28 A. The statewide transportation acceleration needs account is
29 established as a separate account in the state highway fund. The account
30 consists of all of the following, except that the source of monies in the
31 fund shall not be a consent agreement or any type of negotiated settlement by
32 any state or local agency or any donation made in place of a consent
33 agreement or any type of settlement:

- 34 1. Monies appropriated by the legislature.
- 35 2. Monies designated for deposit in the account by the transportation
36 board, a state agency or a political subdivision.
- 37 3. Monies received from the United States government for the purpose
38 of accelerating transportation projects.
- 39 4. Monies received from political subdivisions, Indian tribes or this
40 state or its agencies for the purpose of accelerating transportation
41 projects.
- 42 5. Interest and other income received from investing monies in the
43 account.

1 6. Gifts, grants, donations or other amounts received from any public
2 or private source for deposit in the account for the purpose of accelerating
3 transportation projects.

4 B. On notice from the transportation board, the state treasurer shall
5 invest and divest monies in the statewide transportation acceleration needs
6 account as provided by section 35-313, and monies earned from investment
7 shall be credited to the account.

8 C. The transportation board may establish any subaccount in the
9 statewide transportation acceleration needs account that the board determines
10 is necessary or appropriate to carry out the purposes of this section.

11 D. If a governmental entity or a private person deposits monies in the
12 statewide transportation acceleration needs account for acceleration of a
13 specific project and the appropriate regional planning agency or council of
14 governments in cooperation with the transportation board approves the
15 project, the board shall designate the monies deposited by the governmental
16 entity or private person solely for the project for which the monies are
17 deposited.

18 E. Notwithstanding section 28-6993, and any other agreements entered
19 into by the department of transportation for the distribution and expenditure
20 of monies from the state highway fund, the transportation board shall not
21 approve any expenditures from the statewide transportation acceleration needs
22 account unless the expenditure is made in accordance with this section and is
23 for the construction or reconstruction of freeways, state highways, bridges
24 and interchanges that are contained in the regional transportation plan of a
25 county or the department's long-range statewide transportation plan pursuant
26 to section 28-506. For the purposes of this subsection, a regional
27 transportation plan is a twenty year comprehensive, performance based,
28 multimodal and coordinated regional transportation plan that is approved for
29 the county as provided by law and as amended or otherwise modified.

30 F. Monies in the statewide transportation acceleration needs account
31 shall be used only to pay for the following costs of a transportation project
32 approved pursuant to this section:

33 1. Except as provided in sections 28-7010 and 28-7011:

34 (a) Materials and labor.

35 (b) Acquisition of rights-of-way for highway needs.

36 (c) Design and other engineering services that are within the scope of
37 engineering practice as provided in title 32, chapter 1.

38 (d) Other directly related costs approved by the transportation board.

39 2. Beginning in fiscal year 2006-2007, interest costs resulting from
40 bonds, loans, notes or other obligations issued or incurred or advances made
41 by or on behalf of a city, town or county.

42 G. Monies in the statewide transportation acceleration needs account
43 that are appropriated by the legislature and any interest earnings shall be
44 allocated as follows:

1 1. For a county with a population of at least one million two hundred
2 thousand persons for the area included in the regional planning agency's
3 transportation improvement plan, sixty per cent.

4 2. For a county with a population of more than five hundred thousand
5 persons but less than one million two hundred thousand persons for the area
6 included in the regional planning agency's transportation improvement plan,
7 sixteen per cent.

8 3. For all other counties, twenty-four per cent.

9 H. The regional planning agency in a county designated as a
10 transportation management area shall establish a process for the review and
11 approval of transportation projects eligible to receive monies from the
12 statewide transportation acceleration needs account. As part of its request
13 to the transportation board for monies, the regional planning agency shall
14 ensure and submit evidence satisfactory to the board that any project costs
15 not eligible for monies from the statewide transportation acceleration needs
16 account are available and dedicated to the project. In all other counties,
17 the department, in cooperation with the metropolitan planning organization or
18 the council of governments that has the authority to approve transportation
19 projects for the county, shall develop requests for expenditure of monies
20 from the statewide transportation acceleration needs account. As part of the
21 request to the transportation board for monies, the metropolitan planning
22 organization or the council of governments for the department shall submit
23 evidence satisfactory to the board that any project costs not eligible for
24 monies from the statewide transportation acceleration needs account are
25 available and dedicated to the project.

26 I. On receipt of a request for monies from the statewide
27 transportation acceleration needs account, the transportation board shall
28 place the request on the agenda for the next regular business meeting of the
29 board. The board shall review the request and, in cooperation with the
30 regional planning agency, the metropolitan planning organization or the
31 council of governments, approve the request or further modify the request
32 before approval.

33 J. The transportation board shall not approve the release of any
34 monies from the statewide transportation acceleration needs account for a
35 transportation project unless the board verifies that all costs related to
36 construction of the project are covered.

37 K. A city, town or county may use monies that are in the statewide
38 transportation acceleration needs account or any subaccount of the statewide
39 transportation acceleration needs account, including monies that were
40 previously approved by the board for a project and that were not specifically
41 designated for interest costs for that project, for interest costs only if
42 all of the following occur:

43 1. The regional planning agency in a county designated as a
44 transportation management area recommends that the monies be spent for
45 interest costs.

1 2. The board approves the regional planning agency's recommendation
2 described in paragraph 1 of this subsection.

3 3. The city, town or county complies with this section.

4 L. Monies in the statewide transportation acceleration needs account
5 shall be used to supplement, not supplant, funding that would otherwise be
6 made available for projects.

7 ~~M. On or before July 1 of each year, the transportation board shall
8 submit a report of its activities pursuant to this section to the governor,
9 the president of the senate and the speaker of the house of representatives
10 and shall provide a copy of this report to the secretary of state, the
11 director of the joint legislative budget committee and the director of the
12 Arizona state library, archives and public records.~~

13 ~~N.~~ M. A regional planning agency that receives monies from the
14 statewide transportation acceleration needs account shall report on or before
15 December 15 of each year to the senate and house of representatives
16 transportation committees on approved projects and amounts expended for those
17 projects.

18 ~~O.~~ N. For the purposes of this section, "project" means the
19 construction or reconstruction of a specific portion of a freeway or state
20 highway or a bridge or interchange or a portion of a bridge or interchange
21 that is constructed at a single location.

22 Sec. 19. Section 31-239, Arizona Revised Statutes, is amended to read:

23 31-239. Utility fees

24 A. The director shall establish by rule a reasonable utility fee for
25 electrical utilities that are consumed by prisoners who are confined in a
26 correctional facility. The fee shall not exceed two dollars per month. The
27 director shall charge each prisoner who possesses at least one major
28 electrical appliance a utility fee. The director shall deduct the utility
29 fee monthly from the prisoner's spendable account.

30 B. The director shall use the monies collected pursuant to this
31 section to offset the cost of the department's utility expenses. ~~The
32 director shall report by September 1 of each year to the director of the
33 joint legislative budget committee and the director of the governor's office
34 of strategic planning and budgeting on the monies that are collected and
35 spent pursuant to this section.~~

36 C. The director shall exempt the following prisoners from payment of
37 the utility fee:

38 1. Prisoners at reception centers.

39 2. Prisoners in the behavioral treatment unit at the special
40 management unit.

41 3. Developmentally disabled prisoners who are housed in a special
42 programs unit.

43 4. Prisoners who are housed in unit 8 at the Florence prison facility.

44 5. Prisoners who are inpatients at the Alhambra prison facility
45 special programs psychiatric hospital.

1 B. It is the purpose of this compact and the interstate commission
2 created under this compact, through means of joint and cooperative action
3 among the compacting states, to do all of the following:

4 1. Provide the framework for the promotion of public safety and
5 protect the rights of victims through the control and regulation of the
6 interstate movement of offenders in the community.

7 2. Provide for the effective tracking, supervision and rehabilitation
8 of these offenders by the sending and receiving states.

9 3. Equitably distribute the costs, benefits and obligations of the
10 compact among the compacting states.

11 C. In addition, this compact will do all of the following:

12 1. Create an interstate commission that will establish uniform
13 procedures to manage the movement between states of adults placed under
14 community supervision and released to the community under the jurisdiction of
15 courts, paroling authorities, corrections or other criminal justice agencies
16 that will promulgate rules to achieve the purpose of this compact.

17 2. Ensure an opportunity for input and timely notice to victims and to
18 jurisdictions where defined offenders are authorized to travel or to relocate
19 across state lines.

20 3. Establish a system of uniform data collection, access to
21 information on active cases by authorized criminal justice officials and
22 regular reporting of compact activities to heads of state councils, state
23 executive, judicial and legislative branches and criminal justice
24 administrators.

25 4. Monitor compliance with rules governing interstate movement of
26 offenders and initiate interventions to address and correct noncompliance.

27 5. Coordinate training and education regarding regulations of
28 interstate movement of offenders for officials involved in such activity.

29 D. The compacting states recognize that there is no right of any
30 offender to live in another state and that duly accredited officers of a
31 sending state may at all times enter a receiving state and apprehend and
32 retake any offender under supervision subject to the provisions of this
33 compact and bylaws and rules promulgated under this compact.

34 E. Compacting states recognize no offender may live in another state
35 when acceptance criteria that has been established or adopted by the
36 compacting state has not been met. It is the policy of the compacting states
37 that the activities conducted by the interstate commission created in this
38 compact are the formation of public policies and are therefore public
39 business.

40 ARTICLE II
41 DEFINITIONS

42 As used in this compact, unless the context otherwise requires:

43 1. "Adult" means both individuals legally classified as adults and
44 juveniles treated as adults by court order, statute or operation of law.

1 addition to the commissioners who are the voting representatives of each
2 state, the interstate commission shall include individuals who are not
3 commissioners but who are members of interested organizations. The
4 noncommissioner members must include a member of the national organizations
5 of governors, legislators, state chief justices, attorneys general and crime
6 victims. All noncommissioner members of the interstate commission shall be
7 ex officio, nonvoting members. The interstate commission may provide in its
8 bylaws for any additional, ex officio, nonvoting members it deems necessary.

9 B. Each compacting state represented at any meeting of the interstate
10 commission is entitled to one vote. A majority of the compacting states
11 shall constitute a quorum for the transaction of business, unless a larger
12 quorum is required by the bylaws of the interstate commission. The
13 interstate commission shall meet at least once each calendar year. The
14 chairperson may call additional meetings and, on the request of twenty-seven
15 or more compacting states, shall call additional meetings. Public notice
16 shall be given of all meetings and meetings shall be open to the public.

17 C. The interstate commission shall establish an executive committee
18 that includes commission officers, members and others that are determined by
19 the bylaws. The executive committee may act on behalf of the interstate
20 commission during periods when the interstate commission is not in session,
21 with the exception of rule making or amendment to the compact. The executive
22 committee oversees the day-to-day activities managed by the executive
23 director and interstate commission staff, administers enforcement and
24 compliance with the provisions of the compact, its bylaws and as directed by
25 the interstate commission and performs other duties as directed by the
26 commission or set forth in the bylaws.

27 ARTICLE IV

28 THE STATE COUNCIL

29 A. Arizona shall create a state council for interstate adult offender
30 supervision that is responsible for the appointment of the commissioner who
31 shall serve on the interstate commission from Arizona. The commissioner
32 shall be the compact administrator or designee.

33 B. The membership of the state council shall include one legislator
34 who is appointed by the speaker of the house of representatives, one
35 legislator who is appointed by the president of the senate, one victim's
36 advocate who is appointed by the governor, the deputy compact administrator
37 of the state department of corrections who is appointed by the director of
38 the state department of corrections, the deputy compact administrator of the
39 administrative office of the courts who is appointed by the director of the
40 administrative office of the courts, one judge who is appointed by the chief
41 justice of the supreme court, one sheriff who is appointed by the Arizona
42 sheriff's association and any other members determined by the state council.

43 C. The state council shall exercise oversight and advocacy concerning
44 Arizona's participation in interstate commission activities and other duties

1 as determined by the council's members including the development of policy
2 concerning operations and procedures of the compact within Arizona.

3 ARTICLE V

4 POWERS AND DUTIES OF THE INTERSTATE COMMISSION

5 The interstate commission shall have the following powers and duties:

6 1. To adopt a seal and suitable bylaws governing the management and
7 operation of the interstate commission.

8 2. To promulgate rules and take action consistent with this compact.

9 3. To oversee, supervise and coordinate the interstate movement of
10 offenders subject to the terms of this compact and any bylaws adopted and
11 rules promulgated by the interstate commission.

12 4. To enforce compliance with compact provisions, interstate
13 commission rules and bylaws, using all necessary and proper means, including
14 judicial process.

15 5. To establish and maintain offices.

16 6. To purchase and maintain insurance and bonds.

17 7. To borrow, accept or contract for services of personnel, including
18 members and members' staffs.

19 8. To establish and appoint committees and hire staff it deems
20 necessary to carry out its functions, including an executive committee as
21 required by article III that may act on behalf of the interstate commission
22 in carrying out its powers and duties under this compact.

23 9. To elect or appoint such officers, attorneys, employees, agents or
24 consultants, and to fix their compensation, define their duties and determine
25 their qualifications and to establish the interstate commission's personnel
26 policies and programs relating to, among other things, conflicts of interest,
27 rates of compensation and qualifications of personnel.

28 10. To accept any and all donations and grants of money, equipment,
29 supplies, materials and services and to receive, utilize and dispose of them.

30 11. To lease, purchase, accept contributions or donations of, or
31 otherwise to own, hold, improve or use any property, real, personal or mixed.

32 12. To sell, convey, mortgage, pledge, lease, exchange, abandon or
33 otherwise dispose of any property, real, personal or mixed.

34 13. To establish a budget and make expenditures and levy dues as
35 provided in article X of this compact.

36 14. To sue and be sued.

37 15. To provide for dispute resolution among compacting states.

38 16. To perform functions necessary or appropriate to achieve the
39 purposes of this compact.

40 17. To report annually to the legislatures, governors, judiciary and
41 state councils of the compacting states concerning the activities of the
42 interstate commission during the preceding year. The reports shall also
43 include any recommendations that may have been adopted by the interstate
44 commission.

1 compensation the interstate commission deems appropriate. The executive
2 director shall serve as secretary to the interstate commission, and hire and
3 supervise other staff authorized by the interstate commission, but shall not
4 be a member.

5 C. The interstate commission shall maintain its corporate books and
6 records in accordance with the bylaws.

7 D. The members, officers, executive director and employees of the
8 interstate commission shall be immune from suit and liability, either
9 personally or in their official capacity, for any claim for damage to or loss
10 of property or personal injury or other civil liability caused by or arising
11 out of any actual or alleged act, error or omission that occurred within the
12 scope of interstate commission employment, duties or responsibilities. This
13 subsection shall not be construed to protect any person from suit or
14 liability for any damage, loss, injury or liability caused by the intentional
15 or willful and wanton misconduct of any person. The interstate commission
16 shall defend the commissioner of a compacting state, or his or her
17 representatives or employees, or the interstate commission's representatives
18 or employees, in any civil action seeking to impose liability, arising out of
19 any actual or alleged act, error or omission that occurred within the scope
20 of interstate commission employment, duties or responsibilities, or that the
21 defendant had a reasonable basis for believing occurred within the scope of
22 interstate commission employment, duties or responsibilities, if the actual
23 or alleged act, error or omission did not result from intentional wrongdoing
24 on the part of the person. The interstate commission shall indemnify and
25 hold the commissioner of a compacting state, the appointed designee or
26 employees, or the interstate commission's representatives or employees,
27 harmless in the amount of any settlement or judgment obtained against such
28 persons arising out of any actual or alleged act, error or omission that
29 occurred within the scope of interstate commission employment, duties or
30 responsibilities, or that such persons had a reasonable basis for believing
31 occurred within the scope of interstate commission employment, duties or
32 responsibilities, provided that the actual or alleged act, error or omission
33 did not result from gross negligence or intentional wrongdoing on the part of
34 the person.

35 ARTICLE VII

36 ACTIVITIES OF THE INTERSTATE COMMISSION

37 A. The interstate commission shall meet and take actions consistent
38 with the provisions of this compact.

39 B. Except as otherwise provided in this compact and unless a greater
40 percentage is required by the bylaws, in order to constitute an act of the
41 interstate commission, the act must be taken at a meeting of the interstate
42 commission and must receive an affirmative vote of a majority of the members
43 present.

1 C. Each member of the interstate commission has the right and power to
2 cast a vote to which that compacting state is entitled and to participate in
3 the business and affairs of the interstate commission. A member shall vote
4 in person on behalf of the state and shall not delegate a vote to another
5 member state. However, a state council shall appoint another authorized
6 representative, in the absence of the commissioner from that state, to cast a
7 vote on behalf of the member state at a specified meeting. The bylaws may
8 provide for members' participation in meetings by telephone or other means of
9 telecommunication or electronic communication. Any voting conducted by
10 telephone, or other means of telecommunication or electronic communication,
11 is subject to the same quorum requirements of meetings at which members are
12 present in person.

13 D. The interstate commission shall meet at least once during each
14 calendar year. The chairperson of the interstate commission may call
15 additional meetings at any time and, on the request of a majority of the
16 members, shall call additional meetings.

17 E. The interstate commission's bylaws shall establish conditions and
18 procedures under which the interstate commission shall make its information
19 and official records available to the public for inspection or copying. The
20 interstate commission may exempt from disclosure any information or official
21 records to the extent they would adversely affect personal privacy rights or
22 proprietary interests. In promulgating the rules, the interstate commission
23 may make available to law enforcement agencies records and information
24 otherwise exempt from disclosure, and may enter into agreements with law
25 enforcement agencies to receive or exchange information or records subject to
26 nondisclosure and confidentiality provisions.

27 F. Public notice shall be given of all meetings and all meetings shall
28 be open to the public, except as set forth in the rules or as otherwise
29 provided in the compact. The interstate commission shall promulgate rules
30 consistent with the principles contained in the government in the sunshine
31 act (5 United States Code section 552b). The interstate commission and any
32 of its committees may close a meeting to the public if it determines by
33 two-thirds vote that an open meeting would be likely to:

34 1. Relate solely to the interstate commission's internal personnel
35 practices and procedures.

36 2. Disclose matters specifically exempted from disclosure by statute.

37 3. Disclose trade secrets or commercial or financial information that
38 is privileged or confidential.

39 4. Involve accusing any person of a crime, or formally censuring any
40 person.

41 5. Disclose information of a personal nature if disclosure would
42 constitute a clearly unwarranted invasion of personal privacy.

43 6. Disclose investigatory records compiled for law enforcement
44 purposes.

1 to receive all service of process in any such proceeding, and shall have
2 standing to intervene in the proceeding for all purposes.

3 B. The compacting states shall report to the interstate commission on
4 issues or activities of concern to them and cooperate with and support the
5 interstate commission in the discharge of its duties and responsibilities.
6 The interstate commission shall attempt to resolve any disputes or other
7 issues that are subject to the compact and that may arise among compacting
8 states and noncompacting states. The interstate commission shall enact
9 bylaws or promulgate a rule providing for both mediation and binding dispute
10 resolution for disputes among the compacting states.

11 C. The interstate commission, in the reasonable exercise of its
12 discretion, shall enforce the provisions of this compact using any or all
13 means set forth in article XII, subsection B of this compact.

14 ARTICLE X

15 FINANCE

16 A. The interstate commission shall pay or provide for the payment of
17 the reasonable expenses of its establishment, organization and ongoing
18 activities.

19 B. The interstate commission shall levy on and collect an annual
20 assessment from each compacting state to cover the cost of the internal
21 operations and activities of the interstate commission and its staff that
22 must be in a total amount sufficient to cover the interstate commission's
23 annual budget as approved each year. The aggregate annual assessment amount
24 shall be allocated based on a formula to be determined by the interstate
25 commission, taking into consideration the population of the state and the
26 volume of interstate movement of offenders in each compacting state and shall
27 promulgate a rule binding on all compacting states that governs the
28 assessment. Any increase in Arizona's assessment shall be approved by the
29 state council. ~~The state council shall notify the joint legislative budget~~
30 ~~committee of any increase in the assessment.~~

31 C. The interstate commission shall not incur any obligations of any
32 kind before securing the funds adequate to meet the obligations and shall not
33 pledge the credit of any of the compacting states, except by and with the
34 authority of the compacting state.

35 D. The interstate commission shall keep accurate accounts of all
36 receipts and disbursements. The receipts and disbursements of the interstate
37 commission are subject to the audit and accounting procedures established
38 under its bylaws. However, all receipts and disbursements of funds handled
39 by the interstate commission shall be audited yearly by a certified or
40 licensed public accountant and the report of the audit shall be included in
41 and become part of the annual report of the interstate commission.

42 ARTICLE XI

43 COMPACTING STATES, EFFECTIVE DATE AND AMENDMENTS

44 A. Any state, as defined in article II of this compact, is eligible to
45 become a compacting state. The compact shall become effective and binding on

1 legislative enactment of the compact into law by no less than thirty-five
2 states. The initial effective date shall be the later of July 1, 2001, or on
3 enactment into law by the thirty-fifth state. Thereafter it is effective and
4 binding, as to any other compacting state, on enactment of the compact into
5 law by that state. The governors of nonmember states or their designees
6 shall be invited to participate in interstate commission activities on a
7 nonvoting basis before adoption of the compact by all states and territories
8 of the United States.

9 B. Amendments to the compact may be proposed by the interstate
10 commission for enactment by the compacting states. No amendment is effective
11 and binding on the interstate commission and the compacting states unless and
12 until it is enacted into law by unanimous consent of the compacting states.

13 ARTICLE XII

14 WITHDRAWAL, DEFAULT, TERMINATION AND JUDICIAL ENFORCEMENT

15 A. Once effective, the compact shall continue in force and remain
16 binding on each compacting state. A compacting state may withdraw from the
17 compact by enacting a statute specifically repealing the statute that enacted
18 the compact. The effective date of withdrawal is the effective date of the
19 repeal. The withdrawing state shall immediately notify the chairperson of
20 the interstate commission in writing on the introduction of legislation
21 repealing this compact in the withdrawing state. The interstate commission
22 shall notify the other compacting states of the withdrawing state's intent to
23 withdraw within sixty days of its receipt thereof. The withdrawing state is
24 responsible for all assessments, obligations and liabilities incurred through
25 the effective date of withdrawal, including any obligations, the performance
26 of which extend beyond the effective date of withdrawal. Reinstatement
27 following withdrawal of any compacting state shall occur on the withdrawing
28 state reenacting the compact or on such later date determined by the
29 interstate commission.

30 B. If the interstate commission determines that any compacting state
31 has at any time defaulted in the performance of any of its obligations or
32 responsibilities under this compact, the bylaws or any duly promulgated rules
33 the interstate commission may impose any or all of the following penalties:

34 1. Fines, fees and costs in amounts deemed to be reasonable as fixed
35 by the interstate commission.

36 2. Remedial training and technical assistance as directed by the
37 interstate commission.

38 3. Suspension and termination of membership in the compact.
39 Suspension shall be imposed only after all other reasonable means of securing
40 compliance under the bylaws and rules have been exhausted. Immediate notice
41 of suspension shall be given by the interstate commission to the governor,
42 the chief justice or chief judicial officer of the state, the majority and
43 minority leaders of the defaulting state's legislature and the state council.
44 The grounds for default include failure of a compacting state to perform
45 obligations or responsibilities imposed on it by this compact, interstate

1 commission bylaws or duly promulgated rules. The interstate commission shall
2 immediately notify the defaulting state in writing of the penalty imposed by
3 the interstate commission on the defaulting state pending a cure of the
4 default. The interstate commission shall stipulate the conditions and the
5 time period within which the defaulting state must cure its default. If the
6 defaulting state fails to cure the default within the time period specified
7 by the interstate commission, in addition to any other penalties imposed in
8 this subsection, the defaulting state may be terminated from the compact on
9 an affirmative vote of a majority of the compacting states and all rights,
10 privileges and benefits conferred by this compact shall be terminated from
11 the effective date of suspension. Within sixty days of the effective date of
12 termination of a defaulting state, the interstate commission shall notify the
13 governor, the chief justice or chief judicial officer and the majority and
14 minority leaders of the defaulting state's legislature and the state council
15 of the termination. The defaulting state is responsible for all assessments,
16 obligations and liabilities incurred through the effective date of
17 termination including any obligations, the performance of which extends
18 beyond the effective date of termination. The interstate commission shall
19 not bear any costs relating to the defaulting state unless otherwise mutually
20 agreed on between the interstate commission and the defaulting state.
21 Reinstatement following termination of any compacting state requires both a
22 reenactment of the compact by the defaulting state and the approval of the
23 interstate commission pursuant to the rules.

24 C. The interstate commission, by majority vote of the members, may
25 initiate legal action in the United States district court for the District of
26 Columbia or, at the discretion of the interstate commission, in the federal
27 district where the interstate commission has its offices to enforce
28 compliance with the provisions of the compact or its duly promulgated rules
29 and bylaws, against any compacting state in default. If judicial enforcement
30 is necessary, the prevailing party shall be awarded all costs of the
31 litigation including reasonable attorney fees.

32 D. The compact dissolves effective on the date of the withdrawal or
33 default of the compacting state that reduces membership in the compact to one
34 compacting state. On the dissolution of this compact, the compact becomes
35 null and void and shall be of no further force or effect and the business and
36 affairs of the interstate commission shall be wound up and any surplus funds
37 shall be distributed in accordance with the bylaws.

38 ARTICLE XIII

39 SEVERABILITY AND CONSTRUCTION

40 A. The provisions of this compact shall be severable, and if any
41 phrase, clause, sentence or provision is deemed unenforceable, the remaining
42 provisions of the compact shall be enforceable.

43 B. The provisions of this compact shall be liberally constructed to
44 effectuate its purposes.

ARTICLE XIV
EFFECT OF COMPACT

1
2
3 A. This compact does not diminish the constitutional authority of the
4 Arizona legislature.

5 B. This compact is not contrary to any law of the state of Arizona.
6 Notwithstanding any other law of the state of Arizona, this compact shall
7 govern the interstate supervision of adult offenders.

8 C. The interstate commission shall promulgate rules and take action
9 consistent with this compact that are binding on the state of Arizona as to
10 the interstate supervision of adult offenders unless and to the extent the
11 rules or action conflict with Arizona statutes.

12 D. Nothing in this section prevents the enforcement of any other
13 Arizona law that is not inconsistent with this compact.

14 E. All agreements between the interstate commission and the compacting
15 states are binding in accordance with the terms of the agreement. On the
16 request of a party to a conflict over meaning or interpretation of interstate
17 commission actions, and on a majority vote of the compacting states, the
18 interstate commission may issue advisory opinions regarding such meaning or
19 interpretation.

20 F. If any provision of this compact exceeds the constitutional limits
21 imposed on the legislature of any compacting state, the obligations, duties,
22 powers or jurisdiction sought to be conferred by the provision on the
23 interstate commission is ineffective and the obligations, duties, powers or
24 jurisdiction shall remain in the compacting state and shall be exercised by
25 the agency to which the obligations, duties, powers or jurisdiction are
26 delegated by law in effect at the time this compact becomes effective.

27 Sec. 22. Section 35-142, Arizona Revised Statutes, is amended to read:

28 35-142. Monies kept in funds separate from state general fund:
29 receipt and withdrawal

30 A. All monies received for and belonging to the state shall be
31 deposited in the state treasury and credited to the state general fund except
32 the following, which shall be placed and retained in separate funds:

33 1. The unexpendable principal of monies received from federal land
34 grants shall be placed in separate funds and the account of each such
35 separate fund shall bear a title indicating the source and the institution or
36 purpose to which such fund belongs.

37 2. The interest, rentals and other expendable money received as income
38 from federal land grants shall be placed in separate accounts, each account
39 bearing a title indicating the source and the institution or purpose to which
40 the fund belongs. Such expendable monies shall be expended only as
41 authorized, regulated and controlled by the general appropriation act or
42 other act of the legislature.

43 3. All private or quasi-private monies authorized by law to be paid to
44 or held by the state treasurer shall be placed in separate accounts, each
45 account bearing a title indicating the source and purpose of such fund.

1 4. All monies legally pledged to retirement of building indebtedness
2 or bonds issued by those institutions authorized to incur such indebtedness
3 or to issue such bonds shall be placed in separate accounts.

4 5. Monies of a multi-county water conservation district authorized by
5 law to be paid to or held by the state treasurer shall be placed in separate
6 accounts, each account bearing a title indicating the source and purpose of
7 such fund.

8 6. All monies collected by the Arizona game and fish department shall
9 be deposited in a special fund known as the state game and fish protection
10 fund for the use of the Arizona game and fish commission in carrying out the
11 provisions of title 17.

12 7. All federal monies that are received by the department of economic
13 security for family assistance benefits and medical eligibility as a result
14 of efficiencies developed by the department of economic security and that
15 would otherwise revert to the state general fund pursuant to section 35-190
16 shall be retained for use by the department of economic security in
17 accordance with the terms and conditions imposed by the federal funding
18 source in an account or accounts established or authorized by the state
19 treasurer.

20 8. Monies designated by law as special state funds shall not be
21 considered a part of the general fund. Unless otherwise prescribed by law,
22 the state treasurer shall be the custodian of all such funds.

23 9. All monies received and any accounts established and maintained by
24 the director of the Arizona state retirement system or the administrator of
25 the public safety personnel retirement system, the corrections officer
26 retirement plan and the elected officials' retirement plan.

27 B. No money shall be received or held by the state treasurer except as
28 authorized by law, and in every instance the treasurer shall issue a receipt
29 for money received and shall record the transaction in the statewide
30 accounting system. No money shall be withdrawn from the treasury except on
31 the warrant or electronic funds transfer voucher of the department of
32 administration.

33 C. All federal monies granted and paid to the state by the federal
34 government shall be accounted for in the accounts or funds of the state in
35 the necessary detail to meet federal and state accounting, budgetary and
36 auditing requirements, and all appropriations for matching such federal
37 monies shall be transferred from the general fund to such separate funds as
38 needed, except as otherwise required by the federal government.

39 D. Nothing in this section requires the establishment of separate
40 accounts or funds for such federal monies unless otherwise required by
41 federal or state law. The department of administration has the authority to
42 use the most efficient system of accounts and records, consistent with legal
43 requirements and standard and necessary fiscal safeguards.

44 E. Nothing in this section precludes the creation by the department of
45 administration of a clearing account or other acceptable accounting method to

1 effect prompt payment of claims from an approved budget or appropriation.
2 The department of administration shall report each account or fund
3 established or cancelled to the directors of the joint legislative budget
4 committee and the governor's office of strategic planning and budgeting.

5 F. Nothing in this section or any other section precludes the use of
6 monies kept in funds separate from the general fund, the interest from which
7 accrues to the general fund, for payment of claims against the general fund,
8 provided sufficient monies remain available for payment of claims against
9 such funds.

10 G. The department of administration may issue warrants for qualified
11 expenditures of federal program monies before they are deposited in the state
12 treasury. The receipt of federal monies shall be timed to coincide, as
13 closely as administratively feasible, with the redemption of warrants by the
14 state treasurer. The department of administration shall limit expenditures
15 to the amount that has been made available for the use under the grant award
16 by the federal government. The state agency initiating the expenditures is
17 responsible for ensuring that expenditures qualify for coverage under the
18 guidelines of the federal grant award.

19 H. The department of administration shall establish the policies and
20 procedures for all state agencies for drawing federal monies. When the
21 established method results in federal monies being held by this state, the
22 department of administration may use the interest earned on the monies to pay
23 the federal government for any related interest liability. If an interest
24 liability is incurred due to a state agency varying from the established
25 policies and procedures, the department of administration shall charge the
26 appropriate agency account or fund. ~~Interest payment charges to agencies~~
27 ~~shall be reported by the department of administration to the joint~~
28 ~~legislative budget committee on or before March 1.~~ Any federal interest
29 liability owed to this state as a result of the delayed federal disbursements
30 shall be used to offset this state's interest liability to the federal
31 government. Any remaining interest earnings shall be deposited in the state
32 general fund.

33 I. Any state agency or authorized agent of a state agency may accept
34 credit cards pursuant to an agreement entered into by the state treasurer
35 pursuant to section 35-315 for the payment of any amount due to that agency
36 or agent or this state.

37 J. Except for the department of revenue for tax payments, agencies or
38 authorized agents on behalf of state agencies that accept credit cards shall
39 deduct any applicable discount fee and processing fee associated with the
40 transaction amount before depositing the net amount in the appropriate state
41 fund. No other reduction is permitted against the transaction amount. The
42 net amount deposited in the appropriate state fund shall be considered as the
43 full deposit required by law of monies received by the agency or the
44 authorized agent. Payment of any applicable discount fee and processing fee
45 shall be accounted for in the annual report submitted to the governor's

1 office of strategic planning and budgeting in accordance with section
2 41-1273. The transaction amount of any credit card transaction shall not be
3 reduced by any discount fee or processing fee in an amount in excess of the
4 merchant card settlement fees reflected in the state banking contract with
5 the state treasurer's office.

6 K. Any state agency that contracts with an authorized agent for the
7 electronic processing of transactions pursuant to title 41, chapter 23 may
8 include a provision in the contract to allow the authorized agent to impose a
9 convenience fee. If allowed, the convenience fee shall be charged to the
10 cardholder in addition to the transaction amount, except for the following:

11 1. Except as provided in subsection R of this section, any permits,
12 licenses or other authorizations needed to pursue a trade or occupation in
13 this state.

14 2. Except as provided in subsection R of this section, any permits,
15 licenses or other authorizations needed to establish, expand or operate a
16 business in this state.

17 3. Except as provided in subsection R of this section, any permits,
18 licenses or other authorizations needed to register a vehicle or license a
19 driver in this state.

20 L. Each state agency or its authorized agent shall:

21 1. Deduct the amount of the convenience fee before depositing the
22 transaction amount or the transaction amount reduced by the discount fee or
23 the processing fee, or both, into the appropriate state fund.

24 2. Not deduct any part of the convenience fee from the transaction
25 amount before depositing the net amount into the appropriate state fund.

26 3. Deduct the amount of the discount fee or the processing fee, or
27 both, from the transaction amount before depositing the net amount into the
28 appropriate state fund.

29 M. The net amount deposited in the appropriate state fund pursuant to
30 subsection K or L of this section shall be considered as the full deposit of
31 monies that is required by law and that is received by the agency.

32 N. Notwithstanding section 35-142.01, convenience fees received by a
33 state agency or its authorized agent are limited to, and may be used to
34 offset, the costs imposed by the authorized agent in processing the
35 transactions.

36 O. When the percentage of electronic transactions first exceeds at
37 least thirty per cent of a state agency's total transactions, the state
38 agency shall perform a cost benefit report, including costs of convenience
39 fees, the amount of revenue generated and any realized cost savings. ~~The
40 state agency shall submit the cost benefit report to the joint legislative
41 budget committee within six months after reaching the thirty per cent
42 threshold.~~

43 P. State agencies shall report the number of transactions, the number
44 of electronic transactions, the total dollar amount of transactions
45 processed, the total dollar amount of any discount fee, the total dollar

1 amount of any processing fee and the total dollar amount of any convenience
2 fee charged, deducted or paid pursuant to subsections J and K of this section
3 annually by October 1 to the governor, the government information technology
4 agency and the joint legislative budget committee.

5 Q. Nothing in this section or any other provision of law authorizes
6 any state agency, authorized agent of any state agency or budget unit to
7 establish a bank account for any government monies. All monies received by
8 or on behalf of this state shall be deposited with and in the custody of the
9 state treasurer or in an account that is authorized by the state treasurer
10 pursuant to this section. This subsection does not apply to monies received
11 and any accounts established and maintained by the director of the Arizona
12 state retirement system or the administrator of the public safety personnel
13 retirement system, the corrections officer retirement plan and the elected
14 officials' retirement plan.

15 R. If a state agency provides an alternative method of payment, the
16 convenience fee may be charged to the cardholder in addition to the
17 transaction amount.

18 Sec. 23. Section 35-193, Arizona Revised Statutes, is amended to read:

19 35-193. Revolving funds

20 A. The supervisory official of a budget unit may apply to the
21 department of administration to provide a revolving fund in an amount which
22 will allow the budget unit to pay operating expense items under procedures
23 prescribed by the department of administration.

24 B. The application for a revolving fund shall state the purposes for
25 which required, the amount deemed necessary, the particular person who shall
26 have custody of and be charged with the handling and accounting of the fund
27 and the appropriation or other fund to which the revolving fund is to be
28 charged.

29 C. The department of administration shall review the application as to
30 purpose and reasonableness of amount requested and if acceptable may draw a
31 warrant to the order of the officer applying therefor, and charge the amount
32 thereof against the appropriation or other fund of that budget unit as
33 requested. ~~The department shall not approve an amount of more than fifty~~
34 ~~thousand dollars for a budget unit without approval of the joint legislative~~
35 ~~budget committee.~~

36 D. The manner of accounting for a revolving fund shall be as
37 prescribed by the director of the department of administration. A revolving
38 fund established under this section does not revert to the state general fund
39 at the end of the fiscal year.

40 E. At the request of the director of the department of administration,
41 the applicant shall return to the state treasurer the full amount of the
42 revolving fund or amount requested and no claims for services of the officer
43 applying therefor or the head of the budget unit shall be paid until such
44 request has been complied with.

1 Sec. 24. Section 36-2903.03, Arizona Revised Statutes, is amended to
2 read:

3 36-2903.03. United States citizenship and qualified alien
4 requirements for eligibility; report; definition

5 A. A person who is applying for eligibility under this chapter shall
6 provide verification of United States citizenship or documented verification
7 of qualified alien status. Beginning July 1, 2006, an applicant who is
8 applying for services pursuant to this chapter shall provide satisfactory
9 documentary evidence of citizenship or qualified alien status as required by
10 the federal deficit reduction act of 2005 (P.L. 109-171; 120 STAT. 4; 42
11 United States Code section 1396b) or any other applicable federal law or
12 regulation.

13 B. A qualified alien may apply for eligibility pursuant to section
14 36-2901, paragraph 6, subdivision (a) and, if otherwise eligible for title
15 XIX, may receive all services pursuant to section 36-2907 if the qualified
16 alien meets at least one of the following requirements:

17 1. Is designated as one of the exception groups under 8 United States
18 Code section 1613(b).

19 2. Has been a qualified alien for at least five years.

20 3. Has been continuously present in the United States since August 21,
21 1996.

22 C. Notwithstanding any other law, persons who were residing in the
23 United States under color of law on or before August 21, 1996, and who were
24 receiving services under this article based on eligibility criteria
25 established under the supplemental security income program, may apply for
26 state funded services and, if otherwise eligible for supplemental security
27 income-medical assistance only coverage except for United States citizenship
28 or qualified alien requirements, may be enrolled with the system and receive
29 all services pursuant to section 36-2907.

30 D. A person who is a qualified alien who does not meet the
31 requirements of subsection B of this section or who is a noncitizen who does
32 not claim and provide verification of qualified alien status may apply for
33 title XIX eligibility under section 36-2901, paragraph 6, subdivision (a)
34 and, if otherwise eligible for title XIX, may receive only emergency services
35 pursuant to section 1903(v) of the social security act.

36 E. In determining the eligibility for all qualified aliens pursuant to
37 this chapter, the income and resources of any person who executed an
38 affidavit of support pursuant to section 213A of the immigration and
39 nationality act on behalf of the qualified alien and the income and resources
40 of the spouse, if any, of the sponsoring individual shall be counted at the
41 time of application and for the redetermination of eligibility for the
42 duration of the attribution period as specified in federal law.

43 F. A person who is a qualified alien or a noncitizen and who is not
44 eligible for title XIX may receive only emergency services.

1 G. ~~Beginning October 1, 2007,~~ ON OR BEFORE SEPTEMBER 30 OF EACH YEAR,
2 the administration shall submit a ~~quarterly~~ report to the governor, the
3 president of the senate, the speaker of the house of representatives and the
4 staff director of the joint legislative budget committee that includes the
5 following information:

6 1. The number of individuals for whom the administration verified
7 immigration status using the systematic alien verification for entitlements
8 program administered by the United States citizenship and immigration
9 services.

10 2. The number of documents that were discovered to be fraudulent by
11 using the systematic alien verification for entitlements program.

12 3. A list of the types of fraudulent documents discovered.

13 4. The number of citizens of the United States who were referred by
14 the administration for prosecution pursuant to violations of state or federal
15 law and the number of individuals referred by the administration for
16 prosecution who were not citizens.

17 H. The administration shall provide copies of the report to the
18 secretary of state and the director of the Arizona state library, archives
19 and public records.

20 I. For purposes of this section, "qualified alien" means an individual
21 who is one of the following:

22 1. Defined as a qualified alien under 8 United States Code section
23 1641.

24 2. Defined as a qualified alien by the attorney general of the United
25 States under the authority of Public Law 104-208, section 501.

26 3. An Indian described in 8 United States Code section 1612(b)(2)(E).
27 Sec. 25. Section 36-2912, Arizona Revised Statutes, is amended to
28 read:

29 36-2912. Healthcare group coverage; program requirements for
30 small businesses and public employers; related
31 requirements; definitions

32 A. The administration shall administer a healthcare group program to
33 allow willing contractors to deliver health care services to persons defined
34 as eligible pursuant to section 36-2901, paragraph 6, subdivisions (b), (c),
35 (d) and (e). In counties with a population of less than five hundred
36 thousand persons, the administration may contract directly with any health
37 care provider or entity. The administration may enter into a contract with
38 another entity to provide administrative functions for the healthcare group
39 program.

40 B. Employers with two eligible employees or up to an average of fifty
41 eligible employees under section 36-2901, paragraph 6, subdivision (d):

42 1. May contract with the administration to be the exclusive health
43 benefit plan if the employer has five or fewer eligible employees and enrolls
44 one hundred per cent of these employees into the health benefit plan.

1 2. May contract with the administration for coverage available
2 pursuant to this section if the employer has six or more eligible employees
3 and enrolls eighty per cent of these employees into the healthcare group
4 program.

5 3. Shall have a minimum of two and a maximum of fifty eligible
6 employees at the effective date of their first contract with the
7 administration.

8 C. The administration shall not enroll an employer group in healthcare
9 group sooner than ninety days after the date that the employer's health
10 insurance coverage under an accountable health plan is discontinued.
11 Enrollment in healthcare group is effective on the first day of the month
12 after the ninety day period. This subsection does not apply to an employer
13 group if the employer's accountable health plan discontinues offering the
14 health plan of which the employer is a member.

15 D. Employees with proof of other existing health care coverage who
16 elect not to participate in the healthcare group program shall not be
17 considered when determining the percentage of enrollment requirements under
18 subsection B of this section if either:

19 1. Group health coverage is provided through a spouse, parent or legal
20 guardian, or insured through individual insurance or another employer.

21 2. Medical assistance is provided by a government subsidized health
22 care program.

23 3. Medical assistance is provided pursuant to section 36-2982,
24 subsection I.

25 E. An employer shall not offer coverage made available pursuant to
26 this section to persons defined as eligible pursuant to section 36-2901,
27 paragraph 6, subdivision (b), (c), (d) or (e) as a substitute for a federally
28 designated plan.

29 F. An employee or dependent defined as eligible pursuant to section
30 36-2901, paragraph 6, subdivision (b), (c), (d) or (e) may participate in
31 healthcare group on a voluntary basis only.

32 G. Notwithstanding subsection B, paragraph 2 of this section, the
33 administration shall adopt rules to allow a business that offers healthcare
34 group coverage pursuant to this section to continue coverage if it expands
35 its employment to include more than fifty employees.

36 H. The administration shall provide eligible employees with disclosure
37 information about the health benefit plan.

38 I. The director shall:

39 1. Require that any contractor that provides covered services to
40 persons defined as eligible pursuant to section 36-2901, paragraph 6,
41 subdivision (a) provide separate audited reports on the assets, liabilities
42 and financial status of any corporate activity involving providing coverage
43 pursuant to this section to persons defined as eligible pursuant to section
44 36-2901, paragraph 6, subdivision (b), (c), (d) or (e).

1 2. Prohibit the administration and program contractors from
2 reimbursing a noncontracting hospital for services provided to a member at a
3 noncontracting hospital except for services for an emergency medical
4 condition.

5 3. Require that a contractor, the administration or an accountable
6 health plan negotiate reimbursement rates. The reimbursement rate for an
7 emergency medical condition for a noncontracting hospital is:

8 (a) In counties with a population of more than five hundred thousand
9 persons, one hundred fourteen per cent of the reimbursement rates established
10 pursuant to section 36-2903.01, subsection H. The hospital shall notify the
11 contractor when a member is stabilized.

12 (b) In counties with a population of less than five hundred thousand
13 persons, one hundred twenty-five per cent of the reimbursement rates
14 established pursuant to section 36-2903.01, subsection H. The hospital shall
15 notify the contractor when a member is stabilized.

16 4. Use monies from the healthcare group fund established by section
17 36-2912.01 for the administration's costs of operating the healthcare group
18 program.

19 5. Ensure that the contractors are required to meet contract terms as
20 are necessary in the judgment of the director to ensure adequate performance
21 by the contractor. Contract provisions shall include, at a minimum, the
22 maintenance of deposits, performance bonds, financial reserves or other
23 financial security. The director may waive requirements for the posting of
24 bonds or security for contractors that have posted other security, equal to
25 or greater than that required for the healthcare group program, with the
26 administration or the department of insurance for the performance of health
27 service contracts if funds would be available to the administration from the
28 other security on the contractor's default. In waiving, or approving waivers
29 of, any requirements established pursuant to this section, the director shall
30 ensure that the administration has taken into account all the obligations to
31 which a contractor's security is associated. The director may also adopt
32 rules that provide for the withholding or forfeiture of payments to be made
33 to a contractor for the failure of the contractor to comply with provisions
34 of its contract or with provisions of adopted rules.

35 6. Adopt rules.

36 7. Provide reinsurance to the contractors for clean claims based on
37 thresholds established by the administration. For the purposes of this
38 paragraph, "clean claims" has the same meaning prescribed in section 36-2904.

39 J. With respect to services provided by contractors to persons defined
40 as eligible pursuant to section 36-2901, paragraph 6, subdivision (b), (c),
41 (d) or (e), a contractor is the payor of last resort and has the same lien or
42 subrogation rights as those held by health care services organizations
43 licensed pursuant to title 20, chapter 4, article 9.

44 K. The administration shall offer a health benefit plan on a
45 guaranteed issuance basis to small employers as required by this section.

1 All small employers qualify for this guaranteed offer of coverage. The
2 administration shall offer to all small employers the available health
3 benefit plan and shall accept any small employer that applies and meets the
4 eligibility requirements. In addition to the requirements prescribed in this
5 section, for any offering of any health benefit plan to a small employer, as
6 part of the administration's solicitation and sales materials, the
7 administration shall make a reasonable disclosure to the employer of the
8 availability of the information described in this subsection and, on request
9 of the employer, shall provide that information to the employer. The
10 administration shall provide information concerning the following:

11 1. Provisions of coverage relating to the following, if applicable:

12 (a) The administration's right to establish premiums and to change
13 premium rates and the factors that may affect changes in premium rates.

14 (b) Renewability of coverage.

15 (c) Any preexisting condition exclusion.

16 (d) The geographic areas served by the contractor.

17 2. The benefits and premiums available under all health benefit plans
18 for which the employer is qualified.

19 L. The administration shall describe the information required by
20 subsection K of this section in language that is understandable by the
21 average small employer and with a level of detail that is sufficient to
22 reasonably inform a small employer of the employer's rights and obligations
23 under the health benefit plan. This requirement is satisfied if the
24 administration provides the following information:

25 1. An outline of coverage that describes the benefits in summary form.

26 2. The rate or rating schedule that applies to the product,
27 preexisting condition exclusion or affiliation period.

28 3. The minimum employer contribution and group participation rules
29 that apply to any particular type of coverage.

30 4. In the case of a network plan, a map or listing of the areas
31 served.

32 M. A contractor is not required to disclose any information that is
33 proprietary and protected trade secret information under applicable law.

34 N. At least sixty days before the date of expiration of a health
35 benefit plan, the administration shall provide a written notice to the
36 employer of the terms for renewal of the plan.

37 O. The administration shall increase or decrease premiums based on
38 actuarial reviews by an independent actuary of the projected and actual costs
39 of providing health care benefits to eligible members. Before changing
40 premiums, the administration must give sixty days' written notice to the
41 employer. For each contract period the administration shall set premiums
42 that in the aggregate cover projected medical and administrative costs for
43 that contract period and that are determined pursuant to generally accepted
44 actuarial principles and practices by an independent actuary.

1 P. The administration shall consider age, sex, health status-related
2 factors, group size, geographic area and community rating when it establishes
3 premiums for the healthcare group program.

4 Q. Except as provided in subsection R of this section, a health
5 benefit plan may not deny, limit or condition the coverage or benefits based
6 on a person's health status-related factors or a lack of evidence of
7 insurability. A health benefit plan shall not provide or offer any service,
8 benefit or coverage that is not part of the health benefit plan contract.

9 R. A health benefit plan shall not exclude coverage for preexisting
10 conditions, except that:

11 1. A health benefit plan may exclude coverage for preexisting
12 conditions for a period of not more than twelve months or, in the case of a
13 late enrollee, eighteen months. The exclusion of coverage does not apply to
14 services that are furnished to newborns who were otherwise covered from the
15 time of their birth or to persons who satisfy the portability requirements
16 under this section.

17 2. The contractor shall reduce the period of any applicable
18 preexisting condition exclusion by the aggregate of the periods of creditable
19 coverage that apply to the individual.

20 S. The contractor shall calculate creditable coverage according to the
21 following:

22 1. The contractor shall give an individual credit for each portion of
23 each month the individual was covered by creditable coverage.

24 2. The contractor shall not count a period of creditable coverage for
25 an individual enrolled in a health benefit plan if after the period of
26 coverage and before the enrollment date there were sixty-three consecutive
27 days during which the individual was not covered under any creditable
28 coverage.

29 3. The contractor shall give credit in the calculation of creditable
30 coverage for any period that an individual is in a waiting period for any
31 health coverage.

32 T. The contractor shall not count a period of creditable coverage with
33 respect to enrollment of an individual if, after the most recent period of
34 creditable coverage and before the enrollment date, sixty-three consecutive
35 days lapse during all of which the individual was not covered under any
36 creditable coverage. The contractor shall not include in the determination
37 of the period of continuous coverage described in this section any period
38 that an individual is in a waiting period for health insurance coverage
39 offered by a health care insurer or is in a waiting period for benefits under
40 a health benefit plan offered by a contractor. In determining the extent to
41 which an individual has satisfied any portion of any applicable preexisting
42 condition period the contractor shall count a period of creditable coverage
43 without regard to the specific benefits covered during that period. A
44 contractor shall not impose any preexisting condition exclusion in the case
45 of an individual who is covered under creditable coverage thirty-one days

1 after the individual's date of birth. A contractor shall not impose any
2 preexisting condition exclusion in the case of a child who is adopted or
3 placed for adoption before age eighteen and who is covered under creditable
4 coverage thirty-one days after the adoption or placement for adoption.

5 U. The written certification provided by the administration must
6 include:

7 1. The period of creditable coverage of the individual under the
8 contractor and any applicable coverage under a COBRA continuation provision.

9 2. Any applicable waiting period or affiliation period imposed on an
10 individual for any coverage under the health plan.

11 V. The administration shall issue and accept a written certification
12 of the period of creditable coverage of the individual that contains at least
13 the following information:

14 1. The date that the certificate is issued.

15 2. The name of the individual or dependent for whom the certificate
16 applies and any other information that is necessary to allow the issuer
17 providing the coverage specified in the certificate to identify the
18 individual, including the individual's identification number under the policy
19 and the name of the policyholder if the certificate is for or includes a
20 dependent.

21 3. The name, address and telephone number of the issuer providing the
22 certificate.

23 4. The telephone number to call for further information regarding the
24 certificate.

25 5. One of the following:

26 (a) A statement that the individual has at least eighteen months of
27 creditable coverage. For the purposes of this subdivision, "eighteen months"
28 means five hundred forty-six days.

29 (b) Both the date that the individual first sought coverage, as
30 evidenced by a substantially complete application, and the date that
31 creditable coverage began.

32 6. The date creditable coverage ended, unless the certificate
33 indicates that creditable coverage is continuing from the date of the
34 certificate.

35 W. The administration shall provide any certification pursuant to this
36 section within thirty days after the event that triggered the issuance of the
37 certification. Periods of creditable coverage for an individual are
38 established by presentation of the certifications in this section.

39 X. The healthcare group program shall comply with all applicable
40 federal requirements.

41 Y. Healthcare group may pay a commission to an insurance producer. To
42 receive a commission, the producer must certify that to the best of the
43 producer's knowledge the employer group has not had insurance in the ninety
44 days before applying to healthcare group. For the purposes of this

1 subsection, "commission" means a one time payment on the initial enrollment
2 of an employer.

3 Z. On or before ~~June 15 and November 15~~ **SEPTEMBER 30** of each year, the
4 director shall submit a report to the joint legislative budget committee
5 regarding the number and type of businesses participating in healthcare group
6 and that includes updated information on healthcare group marketing
7 activities. The director, within thirty days of implementation, shall notify
8 the joint legislative budget committee of any changes in healthcare group
9 benefits or cost sharing arrangements.

10 AA. The administration shall submit the following to the joint
11 legislative budget committee:

12 1. ~~Quarterly reports~~ **ON OR BEFORE SEPTEMBER 30 OF EACH YEAR, A REPORT**
13 regarding the financial condition of the healthcare group program. The
14 ~~reports~~ **REPORT** shall include the number of persons and employer groups
15 enrolled in the program and medical loss information and projections.

16 2. An annual financial audit.

17 3. The analysis that is used to determine premiums pursuant to
18 subsection 0 of this section.

19 BB. Beginning July 1, 2009, and each fiscal year thereafter,
20 healthcare group shall limit employer group enrollment to not more than five
21 per cent more than the number of employer groups enrolled in the program at
22 the end of the preceding fiscal year. Healthcare group shall give enrollment
23 priority to uninsured groups.

24 CC. For the purposes of this section:

25 1. "Accountable health plan" has the same meaning prescribed in
26 section 20-2301.

27 2. "COBRA continuation provision" means:

28 (a) Section 4980B, except subsection (f)(1) as it relates to pediatric
29 vaccines, of the internal revenue code of 1986.

30 (b) Title I, subtitle B, part 6, except section 609, of the employee
31 retirement income security act of 1974.

32 (c) Title XXII of the public health service act.

33 (d) Any similar provision of the law of this state or any other state.

34 3. "Creditable coverage" means coverage solely for an individual,
35 other than limited benefits coverage, under any of the following:

36 (a) An employee welfare benefit plan that provides medical care to
37 employees or the employees' dependents directly or through insurance,
38 reimbursement or otherwise pursuant to the employee retirement income
39 security act of 1974.

40 (b) A church plan as defined in the employee retirement income
41 security act of 1974.

42 (c) A health benefits plan, as defined in section 20-2301, issued by a
43 health plan.

44 (d) Part A or part B of title XVIII of the social security act.

- 1 (e) Title XIX of the social security act, other than coverage
2 consisting solely of benefits under section 1928.
- 3 (f) Title 10, chapter 55 of the United States Code.
- 4 (g) A medical care program of the Indian health service or of a tribal
5 organization.
- 6 (h) A health benefits risk pool operated by any state of the United
7 States.
- 8 (i) A health plan offered pursuant to title 5, chapter 89 of the
9 United States Code.
- 10 (j) A public health plan as defined by federal law.
- 11 (k) A health benefit plan pursuant to section 5(e) of the peace corps
12 act (22 United States Code section 2504(e)).
- 13 (l) A policy or contract, including short-term limited duration
14 insurance, issued on an individual basis by an insurer, a health care
15 services organization, a hospital service corporation, a medical service
16 corporation or a hospital, medical, dental and optometric service corporation
17 or made available to persons defined as eligible under section 36-2901,
18 paragraph 6, subdivisions (b), (c), (d) and (e).
- 19 (m) A policy or contract issued by a health care insurer or the
20 administration to a member of a bona fide association.
- 21 4. "Eligible employee" means a person who is one of the following:
- 22 (a) Eligible pursuant to section 36-2901, paragraph 6, subdivisions
23 (b), (c), (d) and (e).
- 24 (b) A person who works for an employer for a minimum of twenty hours
25 per week or who is self-employed for at least twenty hours per week.
- 26 (c) An employee who elects coverage pursuant to section 36-2982,
27 subsection I. The restriction prohibiting employees employed by public
28 agencies prescribed in section 36-2982, subsection I does not apply to this
29 subdivision.
- 30 (d) A person who meets all of the eligibility requirements, who is
31 eligible for a federal health coverage tax credit pursuant to section 35 of
32 the internal revenue code of 1986 and who applies for health care coverage
33 through the healthcare group program. The requirement that a person be
34 employed with a small business that elects healthcare group coverage does not
35 apply to this eligibility group.
- 36 5. "Emergency medical condition" has the same meaning prescribed in
37 the emergency medical treatment and active labor act (P.L. 99-272; 100 Stat.
38 164; 42 United States Code section 1395dd(e)).
- 39 6. "Genetic information" means information about genes, gene products
40 and inherited characteristics that may derive from the individual or a family
41 member, including information regarding carrier status and information
42 derived from laboratory tests that identify mutations in specific genes or
43 chromosomes, physical medical examinations, family histories and direct
44 analyses of genes or chromosomes.

1 7. "Health benefit plan" means coverage offered by the administration
2 for the healthcare group program pursuant to this section.

3 8. "Health status-related factor" means any factor in relation to the
4 health of the individual or a dependent of the individual enrolled or to be
5 enrolled in a health plan including:

6 (a) Health status.

7 (b) Medical condition, including physical and mental illness.

8 (c) Claims experience.

9 (d) Receipt of health care.

10 (e) Medical history.

11 (f) Genetic information.

12 (g) Evidence of insurability, including conditions arising out of acts
13 of domestic violence as defined in section 20-448.

14 (h) The existence of a physical or mental disability.

15 9. "Hospital" means a health care institution licensed as a hospital
16 pursuant to chapter 4, article 2 of this title.

17 10. "Late enrollee" means an employee or dependent who requests
18 enrollment in a health benefit plan after the initial enrollment period that
19 is provided under the terms of the health benefit plan if the initial
20 enrollment period is at least thirty-one days. Coverage for a late enrollee
21 begins on the date the person becomes a dependent if a request for enrollment
22 is received within thirty-one days after the person becomes a dependent. An
23 employee or dependent shall not be considered a late enrollee if:

24 (a) The person:

25 (i) At the time of the initial enrollment period was covered under a
26 public or private health insurance policy or any other health benefit plan.

27 (ii) Lost coverage under a public or private health insurance policy
28 or any other health benefit plan due to the employee's termination of
29 employment or eligibility, the reduction in the number of hours of
30 employment, the termination of the other plan's coverage, the death of the
31 spouse, legal separation or divorce or the termination of employer
32 contributions toward the coverage.

33 (iii) Requests enrollment within thirty-one days after the termination
34 of creditable coverage that is provided under a COBRA continuation provision.

35 (iv) Requests enrollment within thirty-one days after the date of
36 marriage.

37 (b) The person is employed by an employer that offers multiple health
38 benefit plans and the person elects a different plan during an open
39 enrollment period.

40 (c) The person becomes a dependent of an eligible person through
41 marriage, birth, adoption or placement for adoption and requests enrollment
42 no later than thirty-one days after becoming a dependent.

43 11. "Preexisting condition" means a condition, regardless of the cause
44 of the condition, for which medical advice, diagnosis, care or treatment was
45 recommended or received within not more than six months before the date of

1 the enrollment of the individual under a health benefit plan issued by a
2 contractor. Preexisting condition does not include a genetic condition in
3 the absence of a diagnosis of the condition related to the genetic
4 information.

5 12. "Preexisting condition limitation" or "preexisting condition
6 exclusion" means a limitation or exclusion of benefits for a preexisting
7 condition under a health benefit plan offered by a contractor.

8 13. "Small employer" means an employer who employs at least one but not
9 more than fifty eligible employees on a typical business day during any one
10 calendar year.

11 14. "Waiting period" means the period that must pass before a potential
12 participant or eligible employee in a health benefit plan offered by a health
13 plan is eligible to be covered for benefits as determined by the individual's
14 employer.

15 Sec. 26. Section 37-106.01, Arizona Revised Statutes, is amended to
16 read:

17 37-106.01. Power to contract for central Arizona project water
18 for use on state lands; payment of costs; selling
19 unallocated water; disposition of revenue from
20 sale of central Arizona project water and water
21 rights

22 A. The state land department, with the approval of the governor ~~and~~
23 ~~the joint legislative budget committee~~, may make contracts for and on behalf
24 of the state with the United States or a multi-county water conservation
25 district, organized under title 48, chapter 22, or both, for the purchase and
26 delivery of water from the central Arizona project for use for municipal and
27 industrial purposes on state lands within such district and to agree to pay
28 therefor an amount equal to that paid by other municipal and industrial users
29 under the project for comparable quantities.

30 B. The quantity of water for which the department is authorized to
31 contract shall not exceed one hundred thousand acre-feet per annum diverted
32 from the aqueduct system between the Colorado river and the Salt river, and
33 one hundred thousand acre-feet per annum diverted from the system south of
34 the Salt river.

35 C. All or any part of the rights to water acquired by the department
36 under any such contract may be sold, assigned and transferred to any lessee
37 or purchaser of any of the state lands on which such water has been or is to
38 be used or to any provider of permanent municipal water service to those
39 lands. The department shall not make the purchase or use of central Arizona
40 project water by the lessee a condition to renewal of a lease of state land
41 or by the purchaser or lessee in a sale or new lease where mining of
42 groundwater from state lands will not be involved. The transferee of any
43 rights to water under this subsection must have or obtain before the transfer
44 a contract with either or both the United States or a multi-county water
45 conservation district for service of central Arizona project water for

1 municipal and industrial use. The transferee shall reimburse the department,
2 on a pro rata basis, for all costs and charges, including capital costs and
3 administrative expenses, incurred by the department, as of the time of
4 transfer, under its contract for the purchase and delivery of central Arizona
5 project water under subsection A of this section.

6 D. The cost of central Arizona project water shall be paid from
7 revenues derived from the transfer of water rights acquired by the department
8 under its contract and from revenues from the sale of central Arizona project
9 municipal and industrial water or, in the event such revenues are not
10 sufficient, such cost shall be a charge against the state, providing such
11 contract does not violate article IX, section 5, Constitution of Arizona.
12 Nothing in this section shall be construed as creating a lien upon state
13 lands or against the interest of the state therein or as creating an
14 obligation of the state to pay any charges, costs, assessments or debts other
15 than those described in this section.

16 E. Before the selection board allocates central Arizona project water
17 to specific state trust lands the department, with the board's approval, may
18 enter into interim contracts to sell unallocated central Arizona project
19 water for municipal and industrial uses on state or any other land subject to
20 a determination by a multi-county water conservation district that the
21 proposed action complies with the terms of the applicable subcontract and the
22 central Arizona project master repayment contract and subject to approval of
23 the director of the department of water resources. Purchasers of water under
24 this subsection shall reimburse the department, on a pro rata basis, for all
25 costs and charges, including capital costs and administrative expenses,
26 incurred by the department under its contract for the purchase and delivery
27 of central Arizona project water under subsection A of this section.

28 F. The department, with the approval of the state selection board, may
29 enter into contracts to undertake or authorize the storage of central Arizona
30 project water for which the department has signed a municipal and industrial
31 water service subcontract, but that the department has not otherwise
32 allocated for use. A person with whom the department contracts shall pay to
33 a multi-county water conservation district all applicable operation,
34 maintenance and replacement charges established under the provisions of title
35 48, chapter 22 and associated with any water stored, but shall not be
36 responsible for capital costs paid by the department pursuant to its
37 contracts with the multi-county water conservation district. Each contract
38 between the department and another person for water storage shall specify
39 that the water storage permit holder for the stored water shall assign to the
40 department a share of any long-term storage credits accrued pursuant to the
41 permit and that the department's share of the long-term storage credits shall
42 be negotiated based on the proportion of the costs incurred by the department
43 in the water storage. The department may sell long-term storage credits for
44 the benefit of the state trust land at the appraised fair market value of the
45 credits. In undertaking water storage pursuant to this subsection, the

1 department and the persons with whom it contracts shall comply with all of
2 the provisions of title 45, chapter 3.1. For the purposes of this
3 subsection, "water storage", "long-term storage credit" and "water storage
4 permit" have the same meanings prescribed in section 45-802.01.

5 G. The department shall deposit, pursuant to sections 35-146 and
6 35-147, revenues from the transfer of water rights under subsection C of this
7 section and from the sale of water under subsection E of this section, except
8 for monies attributable to reimbursement of administrative expenses, in the
9 central Arizona project municipal and industrial repayment fund established
10 by section 37-526. Monies attributable to reimbursement of administrative
11 expenses, under both subsections C and E of this section, shall be deposited
12 in the state general fund pursuant to sections 35-146 and 35-147.

13 Sec. 27. Section 37-623.02, Arizona Revised Statutes, is amended to
14 read:

15 37-623.02. Emergencies; prohibiting fireworks; liabilities and
16 expenses; fire suppression revolving fund

17 A. On request of the state forester, the governor may authorize the
18 state forester to incur liabilities for suppressing wildland fires and
19 responding to other unplanned all risk activities from unrestricted monies in
20 the state general fund whether or not the legislature is in session.

21 B. The state forester has the authority to prohibit the use of
22 fireworks during times of high fire potential in the unincorporated areas of
23 the state.

24 C. The state forester or the state forester's designee shall review
25 all liabilities incurred and expenditures made under this section and shall
26 report the expenditures to the department of administration for audit
27 according to department of administration rules. The state forester shall
28 transmit a copy of the report to the state emergency council.

29 D. Liabilities incurred under this section are subject to the
30 following limitations:

31 1. Wildland fire suppression or other unplanned all risk emergency
32 liabilities shall not exceed three million dollars of state general fund
33 monies pursuant to subsection A of this section in a fiscal year for costs
34 associated with suppressing wildland fires, supporting other unplanned all
35 risk activities such as fire, flood, earthquake, wind and hazardous material
36 responses and preparing for periods of extreme fire danger and pre-position
37 equipment and other fire suppression resources to provide for enhanced
38 initial attack on wildland fires. The state forester shall not incur
39 nonreimbursable liabilities for support of nonfire all risk activities. The
40 governor shall determine when periods of extreme fire danger exist and must
41 approve any expenditure for pre-positioning activities.

42 2. If the funding authorization in paragraph 1 of this subsection is
43 exhausted, or if the nonreimbursable liabilities incurred exceed the cash
44 balance of the fire suppression revolving fund, the state forester shall not

1 incur additional liabilities without the consent of a majority of the state
2 emergency council as authorized by section 35-192.

3 E. The state forester shall process and pay claims for reimbursement
4 for wildland fire suppression services as follows:

5 1. Except as provided by paragraph 2 of this subsection, within thirty
6 days after receiving a complete and correct claim for wildland fire
7 suppression services, the state forester shall pay the claim from available
8 monies that have not been committed to the payment of other wildfire
9 expenses.

10 2. Within thirty days after receiving a complete and correct claim for
11 wildland fire suppression services on federal lands, the state forester shall
12 complete the processing of the claim and forward the claim to the appropriate
13 federal agency.

14 3. For any valid claim other than for federal reimbursement, if there
15 is insufficient funding in the fire suppression revolving fund, the holder of
16 the unpaid claim shall be issued a certificate pursuant to section 35-189.

17 ~~F. No later than December 31 of each year the state forester shall~~
18 ~~submit a report to the joint legislative budget committee and the governor~~
19 ~~detailing the specific uses of all monies authorized to be expended from the~~
20 ~~fire suppression revolving fund and any additional monies authorized by the~~
21 ~~governor to prepare for periods of extreme fire danger and pre-position~~
22 ~~equipment and other fire suppression resources to provide for enhanced~~
23 ~~initial attack on wildland fires.~~

24 ~~G.~~ F. Monies received for suppressing wildland fires, pre-positioning
25 equipment and firefighting resources and other unplanned all risk activities
26 may be used for the purposes of section 37-623 and this section.

27 ~~H.~~ G. The state forester shall adopt rules for administering the
28 wildland fire suppression monies authorized under this section, subject to
29 approval of the governor.

30 ~~I.~~ H. The state forester may require reimbursement from cities and
31 other political subdivisions of this state and state and federal agencies for
32 costs incurred in the suppression of wildland fires, pre-suppression or
33 unplanned all risk activities. Reimbursement shall be based on the terms and
34 conditions in cooperative agreements, land ownership or negligence. The
35 state forester may require reimbursement from individuals or businesses only
36 for costs incurred in the suppression of wildland fires or unplanned all risk
37 activities caused by their negligence or criminal acts.

38 ~~J.~~ I. The fire suppression revolving fund is established consisting
39 of civil penalties collected pursuant to section 36-1610 and monies received
40 by the state forester for wildland fire suppression and pre-positioning
41 equipment and resources and for payment for activities related to combating
42 wildland fires and supporting other unplanned all risk activities such as
43 fire, flood, earthquake, wind and hazardous material responses. The state
44 forester shall not incur nonreimbursable liabilities for support of nonfire
45 all risk activities. The state forester shall administer the fund, and all

1 monies received for these activities shall be deposited, pursuant to sections
2 35-146 and 35-147, in the fund. Monies in the fire suppression revolving
3 fund are continuously appropriated to the state forester, except that if the
4 unobligated balance of the fund exceeds two million dollars at the end of any
5 calendar year, the excess shall be transferred to the state general fund.
6 Monies in the fire suppression revolving fund are otherwise exempt from the
7 provisions of section 35-190 relating to lapsing of appropriations.

8 Sec. 28. Section 38-658, Arizona Revised Statutes, is amended to read:
9 38-658. Report to joint legislative budget committee

10 A. At least ten days before the department of administration enters
11 into or renews contracts for medical and dental insurance coverage, the
12 director of the department of administration shall meet with and review for
13 the joint legislative budget committee in executive session the planned
14 contribution strategy for each health plan, including indemnity health
15 insurance, hospital and medical service plans, dental plans and health
16 maintenance organizations. Information provided in executive session shall
17 remain confidential until the contract award is made in compliance with title
18 41, chapter 23.

19 B. ON OR BEFORE OCTOBER 1 OF EACH YEAR, the director of the department
20 of administration shall report to the joint legislative budget committee ~~at~~
21 ~~least semiannually~~ on the performance standards for health plans, including
22 indemnity health insurance, hospital and medical service plans, dental plans
23 and health maintenance organizations.

24 Sec. 29. Section 41-129, Arizona Revised Statutes, is amended to read:
25 41-129. Election systems improvement fund; purpose

26 A. The election systems improvement fund is established in the office
27 of the secretary of state. The fund shall consist of monies received from
28 the United States government, matching monies from state, county or local
29 governments, legislative appropriations, gifts, grants and donations.

30 B. The secretary of state shall administer the fund. Any monies
31 deposited into the fund in fiscal years 2002-2003 and 2003-2004 are
32 appropriated to the secretary of state and are exempt from the provisions of
33 section 35-190 relating to lapsing of appropriations. To the extent
34 permitted by federal law, monies in the fund, other than state general fund
35 monies, deposited each subsequent fiscal year are subject to legislative
36 appropriation and such appropriations are subject to the lapsing provisions
37 of section 35-190. State general fund monies appropriated to the fund
38 beginning in fiscal year 2004-2005 are available for use by the secretary of
39 state without further appropriation. Monies in the fund do not revert to the
40 state general fund or any other funding source at the end of the fiscal year.
41 The state treasurer shall invest and divest monies in the fund as provided by
42 section 35-313, and monies earned from investment shall be credited to the
43 fund.

44 C. ~~Within thirty days after any expenditure of monies from the fund~~ ON
45 OR BEFORE DECEMBER 31 OF EACH YEAR, the secretary of state shall submit to

1 the joint legislative budget committee a summary of the total expenditure
2 plan for the fund.

3 D. Monies in the fund shall be used to implement the provisions of the
4 help America vote act of 2002 (P.L. 107-252).

5 Sec. 30. Section 41-178, Arizona Revised Statutes, is amended to read:
6 41-178. Distribution of notary bond fees

7 The state treasurer shall transmit, distribute or deposit all monies
8 received pursuant to section 41-126, subsection A, paragraphs 11 and 12 as
9 follows:

10 1. 1.31 per cent for deposit in the drug and gang enforcement account
11 established by section 41-2402 for the purposes of section 41-2402,
12 subsection ~~H~~ G.

13 2. 8.87 per cent for deposit in the domestic violence shelter fund
14 established by section 36-3002.

15 3. 1.93 per cent for deposit in the child abuse prevention fund
16 established by section 8-550.01.

17 4. 7.62 per cent for proportional deposit in each county's law library
18 fund established by section 12-305, based on the number of notaries
19 commissioned per county.

20 5. 0.35 per cent for deposit in the alternative dispute resolution
21 fund established by section 12-135.

22 6. 23.79 per cent for deposit in the elected officials' retirement
23 plan fund established by section 38-802, which shall be distributed to the
24 fund pursuant to section 38-810.

25 7. 17.07 per cent for deposit in the judicial collection enhancement
26 fund established by section 12-113.

27 8. 0.26 per cent for deposit in the confidential intermediary and
28 fiduciary fund established by section 8-135.

29 9. 31.29 per cent for deposit in the notary bond fund established by
30 section 41-314.

31 10. 7.51 per cent shall be distributed to the county where the notary
32 is commissioned in the same manner as the seven dollars of the time payment
33 fee prescribed by section 12-116, subsection B.

34 Sec. 31. Section 41-191.05, Arizona Revised Statutes, is amended to
35 read:

36 41-191.05. Colorado river land claims revolving fund; use;
37 accounting; audit; disposition of monies

38 A. A Colorado river land claims revolving fund is established to be
39 administered by the attorney general.

40 B. Monies in the fund shall be used by the attorney general for
41 payment of costs and expenses incurred by the attorney general and the state
42 land commissioner in the investigation and prosecution of this state's claims
43 of ownership of sovereign lands in the vicinity of the Colorado river, in
44 accordance with the provisions of law governing such claims. ~~No personnel~~
45 ~~shall be hired with monies from the fund without the approval of the joint~~

1 ~~legislative budget committee, except temporary personnel appointed for a~~
2 ~~period not to exceed sixty days.~~

3 C. On or before October 15 of each year, the attorney general shall
4 file with the governor, with copies to the director of the department of
5 administration, the president of the senate and the speaker of the house of
6 representatives, a full and complete account of the receipts and
7 disbursements from the fund in the previous year. The auditor general shall
8 audit the fund once a year.

9 D. Monies recovered by the state from the settlement of this state's
10 sovereign land claims shall be transmitted to the state land commissioner to
11 be deposited in the state general fund, except that twenty-five per cent of
12 the monies recovered shall be deposited in the revolving fund established in
13 subsection A of this section.

14 E. Monies in the fund are exempt from the lapsing provisions of
15 section 35-190, except that any monies remaining unexpended or unencumbered
16 on June 30, 1990 shall revert to the state general fund.

17 Sec. 32. Section 41-545, Arizona Revised Statutes, is amended to read:
18 41-545. Indian town hall fund

19 A. An Arizona Indian town hall fund is established that consists of
20 monies collected or received at Indian town halls as fees that are intended
21 to defray administrative costs related to these town halls pursuant to
22 section 41-541. The commission shall deposit, pursuant to sections 35-146
23 and 35-147, all fees collected from this activity in this fund.

24 B. ~~The commission shall annually report to the joint legislative~~
25 ~~budget committee for its use of the monies in the fund.~~ Up to fifteen
26 thousand dollars of monies in the fund may be expended by the commission each
27 fiscal year.

28 Sec. 33. Section 41-621, Arizona Revised Statutes, is amended to read:
29 41-621. Purchase of insurance; coverage; limitations;
30 exclusions; definitions

31 A. The department of administration shall obtain insurance against
32 loss, to the extent it is determined necessary and in the best interests of
33 the state as provided in subsection F of this section, on the following:

34 1. All state owned buildings, including those of the universities,
35 excluding buildings of community colleges, whether financed in whole or in
36 part by state monies or buildings in which the state has an insurable
37 interest as determined by the department of administration.

38 2. Contents in any buildings owned, leased or rented, in whole or in
39 part, by or to the state, excluding buildings of community colleges, and
40 reported to the department of administration.

41 3. The state and its departments, agencies, boards and commissions and
42 all officers, agents and employees thereof and such others as may be
43 necessary to accomplish the functions or business of the state and its
44 departments, agencies, boards and commissions against liability for acts or
45 omissions of any nature while acting in authorized governmental or

1 proprietary capacities and in the course and scope of employment or
2 authorization except as prescribed by this chapter.

3 4. All personal property reported to the department of administration,
4 including vehicles and aircraft owned by the state and its departments,
5 agencies, boards and commissions and all non-owned personal property which is
6 under the clear responsibility of this state because of written leases or
7 other written agreements.

8 5. The state and its departments, agencies, boards and commissions
9 against casualty, use and occupancy and liability losses of every nature
10 except as prescribed by this chapter.

11 6. Workers' compensation and employers' liability insurance.

12 7. Design and construction of buildings, roads, environmental
13 remediations and other construction projects.

14 8. Other exposures to loss where insurance may be required to protect
15 this state and its departments, agencies, boards and commissions and all
16 officers, agents and employees acting in the course and scope of employment
17 or authorization except as prescribed by this chapter.

18 B. To the extent it is determined necessary and in the best interests
19 of the state, the department of administration shall obtain insurance or
20 provide for state self-insurance against property damage caused by clients
21 and liability coverage resulting from, ~~the~~ the direct or incidental care of
22 clients participating in programs of the state and its departments, agencies,
23 boards or commissions relating to custodial care. The insurable programs
24 shall include foster care, programs for the developmentally disabled, an
25 independent living program pursuant to section 8-521 and respite-sitter
26 service programs. The department shall obtain insurance or provide for state
27 self-insurance pursuant to this subsection to protect the clients
28 participating in these programs and individual providers of these program
29 services on behalf of the state and its departments, agencies, boards or
30 commissions. The insurance provided under this subsection does not include
31 medical or workers' compensation coverage for providers. The department may
32 include in its annual budget request pursuant to section 41-622, subsection D
33 a charge for the insurance or self-insurance provided in this subsection. To
34 assist in carrying out the provisions of this subsection, the department
35 shall establish a seven member advisory board in accordance with the
36 following provisions:

37 1. The board shall consist of three members appointed by the director
38 of the department of administration, at least one of whom shall be a foster
39 parent, two members appointed by the director of the department of economic
40 security, one member appointed by the director of the state department of
41 corrections, and one member appointed by the administrative director of the
42 courts.

43 2. The board shall elect a chairman from among its members.

44 3. The board shall hold at least two meetings a year or shall meet at
45 the call of the chairman.

1 4. Board members shall serve for three year terms.

2 5. Board members are not eligible to receive compensation but are
3 eligible for reimbursement of expenses pursuant to title 38, chapter 4,
4 article 2.

5 6. The board shall provide advice to the department regarding coverage
6 and administration of the provisions of this subsection and shall assist the
7 department in coordinating its activities pursuant to this subsection with
8 state departments, agencies, boards and commissions.

9 C. The department of administration may obtain insurance against loss,
10 to the extent it is determined necessary and in the best interests of the
11 state as provided in subsection F of this section for the professional
12 liability of individual physicians and psychiatrists who provide services
13 under a contract with the state department of corrections. Coverage is
14 limited to acts and omissions committed inside a state department of
15 corrections facility while in the performance of the contract and to
16 individual physicians and psychiatrists who demonstrate to the satisfaction
17 of the state department of corrections that they cannot otherwise obtain
18 professional liability coverage for the services required by the contract.
19 The director of the department of administration may impose on the state
20 department of corrections a deductible of not more than ten thousand dollars
21 per loss that arises out of a professional liability claim pursuant to this
22 subsection. Deductible amounts established by the director shall be subject
23 to annual review by the joint legislative budget committee.

24 D. The department of administration may obtain property, liability,
25 disability or workers' compensation insurance, self-insure or develop risk
26 retention pools to provide for payment of property loss or casualty claims or
27 disability insurance claims against contractors of this state with the
28 approval of the joint legislative budget committee. With respect to
29 insurance, self-insurance or risk retention pools for contractors licensed
30 and contracted to do work for this state, the coverage afforded applies with
31 respect to the conduct of the business entity of that contractor. The pool
32 is available to all contractors regardless of the amount that the state
33 contracted work bears in relation to the amount of nonstate contracted work.
34 The contractor shall be terminated from the pool if the contractor ceases to
35 be a state contractor.

36 E. The department of administration may determine, in the best
37 interests of the state, that state self-insurance is necessary or desirable
38 and, if that decision is made, shall provide for state self-insurance for
39 losses arising out of state property, liability or workers' compensation
40 claims prescribed by subsection A of this section. If the department of
41 administration provides state self-insurance, such coverage shall be excess
42 over any other valid and collectible insurance. The director of the
43 department of administration may impose on state departments, agencies,
44 boards and commissions a deductible ~~of not more than ten thousand dollars per~~
45 **FOR EACH** loss that arises out of a property, liability or workers'

1 compensation loss pursuant to this subsection. ANY CHANGES IN deductible
2 amounts established by the director shall be subject to ~~annual~~ review by the
3 joint legislative budget committee.

4 F. In carrying out the provisions of this chapter, the department of
5 administration shall establish and provide the state with some or all of the
6 necessary risk management services, or shall contract for risk management
7 services pursuant to chapter 23 of this title, as the director of the
8 department of administration deems necessary in the best interest of the
9 state, and may, in addition to other specifications of such coverage as
10 deemed necessary, determine self-insurance to be established. The provisions
11 of chapter 23 of this title shall not apply to the department of
12 administration's procurement of insurance to cover losses arising out of
13 state property or liability claims prescribed in subsections A and D of this
14 section or excess loss insurance for the state's workers' compensation
15 liability for individual or aggregate claims, or both, in such amounts and at
16 such primary retention levels as the department of administration deems in
17 the best interest of the state. In purchasing insurance to cover losses
18 arising out of state property or liability claims prescribed by subsection A
19 of this section, the department of administration is not subject to the
20 provisions of title 20, chapter 2, article 5.

21 G. No successful bidder for risk management services pursuant to this
22 section shall be entitled to receive directly or indirectly any sales
23 commission, contingent commission, excess profit commission, or other
24 commissions, or anything of value, as payment for the risk management
25 services except those amounts received directly from this state as payment
26 for the risk management services.

27 H. The department of administration shall pay for purchased risk
28 management services, premiums for insurance on state property and state
29 liability and workers' compensation pursuant to the provisions of this
30 chapter.

31 I. A state officer, agent or employee acting in good faith, without
32 wanton disregard of his statutory duties and under the authority of an
33 enactment that is subsequently declared to be unconstitutional, invalid or
34 inapplicable, ~~is~~ is not personally liable for an injury or damage caused
35 thereby except to the extent that he would have been personally liable had
36 the enactment been constitutional, valid and applicable.

37 J. A state officer, agent or employee, except as otherwise provided by
38 statute, is not personally liable for an injury or damage resulting from his
39 act or omission in a public official capacity where the act or omission was
40 the result of the exercise of the discretion vested in him if the exercise of
41 the discretion was done in good faith without wanton disregard of his
42 statutory duties.

43 K. The state and its departments, agencies, boards and commissions are
44 immune from liability for losses arising out of a judgment for willful and
45 wanton conduct resulting in punitive or exemplary damages.

1 L. The following exclusions shall apply to subsections A, B and E of
2 this section:

3 1. Losses against this state and its departments, agencies, boards and
4 commissions that arise out of and are directly attributable to an act or
5 omission determined by a court to be a felony by a person who is provided
6 coverage pursuant to this article unless the state knew of the person's
7 propensity for that action, except those acts arising out of the operation or
8 use of a motor vehicle.

9 2. Losses arising out of contractual breaches.

10 M. If self-insurance coverage is determined to exist, the attorney
11 general, with funds provided by the department of administration, shall
12 provide for the defense, either through his office or by appointment of
13 outside legal counsel, of the state and its departments, agencies, boards and
14 commissions and all officers, agents and employees thereof and such others as
15 are insured by the department of administration for or on account of their
16 acts or omissions covered pursuant to this chapter. All state departments,
17 agencies, boards and commissions, all officers, agents and employees thereof
18 and such others as are insured by the department of administration shall
19 cooperate fully with the attorney general and department of administration in
20 the defense of claims arising pursuant to this chapter.

21 N. A claim for liability damages made pursuant to this chapter may be
22 settled and payment made up to the amount of twenty-five thousand dollars or
23 such higher limit as may be established by the joint legislative budget
24 committee with the approval of the director of the department of
25 administration. A claim over the amount of twenty-five thousand dollars up
26 to fifty thousand dollars or such higher limit as may be established by the
27 joint legislative budget committee may be settled and payment made with the
28 approval of the director of the department of administration and the attorney
29 general. Any claim over the amount of fifty thousand dollars or such higher
30 limit as may be established by the joint legislative budget committee may be
31 settled and payment made with the approval of the director of the department
32 of administration, the attorney general and the joint legislative budget
33 committee. If it is in the best interest of this state, the joint
34 legislative budget committee may establish higher settlement limits. Any
35 settlements involving amounts in excess of fifty thousand dollars or such
36 higher limit as may be established by the joint legislative budget committee
37 shall be approved by the department of administration, the attorney general
38 and the joint legislative budget committee pursuant to the authority granted.
39 The settlement of liability claims shall be solely the authority of the
40 department of administration, the attorney general and the joint legislative
41 budget committee. No state department, agency, board or commission or any
42 officer, agent or employee of this state may voluntarily make any payment,
43 assume any obligation, incur any expense or maintain the individual right of
44 consent for liability claims made pursuant to this chapter except as provided
45 by this section.

1 0. Neither the authority provided by this section to insure, nor the
2 exercise of such authority, shall:

3 1. Impose any liability on this state or the departments, agencies,
4 boards and commissions or any officers, agents and employees of this state
5 unless such liability otherwise exists.

6 2. Impair any defense this state or the departments, agencies, boards
7 and commissions or any officers, agents and employees of this state otherwise
8 may have.

9 P. The department of administration shall pay, on behalf of any state
10 officer, agent or employee, any damages, excluding punitive damages, for
11 which the officer, agent or employee becomes legally responsible if the acts
12 or omissions resulting in liability were within the officer's, agent's or
13 employee's course and scope of employment. The department of administration
14 may pay for all damages however designated which the officer, agent or
15 employee becomes legally responsible for if the acts or omissions resulting
16 in liability are determined by the director of the department of
17 administration to be within the person's course and scope of employment.

18 Q. The department of administration shall adopt such rules as are
19 deemed necessary to carry out, implement and limit the provisions of this
20 chapter.

21 R. For the purposes of determining whether a state officer, agent or
22 employee is entitled to coverage under this chapter, "within the course and
23 scope of employment or authorization" means:

24 1. The acts or omissions that the state officer, agent or employee is
25 employed or authorized to perform.

26 2. The acts or omissions of the state officer, agent or employee occur
27 substantially within the authorized time and space limit.

28 3. The acts or omissions are activated at least in part by a purpose
29 to serve this state or its departments, agencies, boards or commissions.

30 S. To the extent it is determined necessary and in the best interest
31 of this state, the department of administration may obtain design and
32 construction insurance or provide for self-insurance against property damage
33 caused by this state, its departments, agencies, boards and commissions and
34 all officers and employees of this state in connection with the construction
35 of public works projects. Workers' compensation liability insurance may be
36 purchased to cover both general contractors and subcontractors doing work on
37 a specific contracted work site. The department may include in its annual
38 budget request, pursuant to section 41-622, subsection D, the cost of the
39 insurance purchased or provided. In connection with the construction of
40 public works projects, the department of administration may also use an
41 owner-controlled or wrap-up insurance program if all of the following
42 conditions are met:

43 1. The total cost of the project is over fifty million dollars.

44 2. The program maintains completed operations coverage for a term
45 during which coverage is reasonably commercially available as determined by

1 the director of the department of insurance, but in no event for less than
2 three years.

3 3. Bid specifications clearly specify for all bidders the insurance
4 coverage provided under the program and the minimum safety requirements that
5 shall be met.

6 4. The program does not prohibit a contractor or subcontractor from
7 purchasing any additional insurance coverage that a contractor believes is
8 necessary for protection from any liability arising out of the contract. The
9 cost of the additional insurance shall not be passed through to this state on
10 a contract bid.

11 5. The program does not include surety insurance.

12 T. The state may purchase an owner-controlled or wrap-up policy that
13 has a deductible or self-insured retention as long as the deductible or
14 self-insured retention does not exceed one million dollars.

15 U. For the purposes of subsections S and T of this section:

16 1. "Owner-controlled or wrap-up insurance" means a series of insurance
17 policies issued to cover this state and all of the contractors,
18 subcontractors, architects and engineers on a specified contracted work site
19 for purposes of general liability, property damage and workers' compensation.

20 2. "Specific contracted work site" means construction being performed
21 at one site or a series of contiguous sites separated only by a street,
22 roadway, waterway or railroad right-of-way, or along a continuous system for
23 the provision of water and power.

24 V. Notwithstanding any other statute the department of administration
25 may:

26 1. Limit the liability of a person who contracts to provide goods,
27 software or other services to this state.

28 2. Allow the person to disclaim incidental or consequential damages.

29 3. Indemnify or hold harmless any party to the contract.

30 Sec. 34. Section 41-712, Arizona Revised Statutes, is amended to read:

31 41-712. Telecommunications program office; state contractor;
32 cost of operation; employees; report

33 A. The director shall establish a telecommunications program office
34 within the department to enter into a primary contract with a corporation
35 authorized to do business in this state for the contractor to provide for the
36 installation and maintenance of telecommunication systems and to act as the
37 state's agent for telecommunication carrier services to the offices,
38 departments and agencies of this state. Each office, department and agency
39 of this state shall contract with the primary contractor through the
40 telecommunications program office and make payment to the primary contractor
41 for its telecommunications needs. ~~The department shall submit for review by~~
42 ~~the joint legislative budget committee its initial contractor and carrier~~
43 ~~cost rate structure by agency and fund type and shall submit a request for~~
44 ~~review to the joint legislative budget committee for each subsequent rate~~
45 ~~structure modification.~~

1 B. With the approval of the director, the telecommunications program
2 office may enter into more than one contract for each statewide
3 telecommunications product or service not provided by the primary contractor.

4 C. The director shall pay administrative costs of the
5 telecommunications program office and each office, department or other state
6 agency shall pay from available monies the proportionate cost of
7 administration of the office as determined by the director. In carrying out
8 this subsection, the director shall only employ those contract managers,
9 telephone operators, help desk personnel and forensic investigators required
10 to oversee the primary contract and administer efficiently the
11 telecommunications program office.

12 D. The department shall prepare and submit an annual consolidated
13 telecommunications budget report to the joint legislative budget committee in
14 connection with its annual budget request showing the previous fiscal year's
15 actual payments and the next fiscal year's anticipated payments charged and
16 received by the primary contractor from state offices, departments and
17 agencies for telecommunications services.

18 E. All procurement pursuant to this section shall be as prescribed in
19 chapter 23 of this title unless otherwise provided by law.

20 F. Any contract involving the use of a state highway right-of-way is
21 subject to approval pursuant to sections 28-304, 28-363, 28-7045, 28-7048 and
22 28-7209.

23 Sec. 35. Section 41-763.02, Arizona Revised Statutes, is amended to
24 read:

25 41-763.02. Special market adjustments; committee

26 A. The director shall establish a system of special market adjustments
27 to modify salaries of state employees within certain identified job
28 classifications.

29 B. The system shall provide for salary adjustments, subject to
30 legislative appropriation, for state positions and for positions in job
31 classifications that, in the opinion of the director, are critical to the
32 orderly conduct of the agencies in which the positions are located and that
33 meet specific comparative criteria. These criteria include whether the
34 positions are experiencing substantially above average turnover or have
35 salaries that are substantially below comparable positions outside state
36 service.

37 C. The director shall establish procedures to determine the job
38 classifications eligible for special market adjustments. The procedures
39 shall include:

40 1. The systematic identification of job classifications based on
41 specific comparative criteria including turnover and salary information.

42 2. The consideration of job classifications identified by agency
43 directors.

1 3. In cases in which significant increases are recommended,
2 recommended increases may be scheduled over two or more years. If multiple
3 year increases are recommended, the cost of funding the proposed adjustments
4 in each year shall be included.

5 D. A special market adjustment committee is established consisting of
6 the following members:

7 ~~1. The director of the joint legislative budget committee or the~~
8 ~~director's designee who serves as an advisory member. For the purposes of~~
9 ~~this paragraph, "advisory member" means a member who gives advice to the~~
10 ~~other members of the committee at meetings of the committee but is not~~
11 ~~eligible to vote and is not a member for purposes of determining whether a~~
12 ~~quorum is present.~~

13 ~~2.~~ 1. The director of the governor's office of strategic planning and
14 budgeting or the director's designee.

15 ~~3.~~ 2. The administrative director of the courts or the administrative
16 director's designee.

17 ~~4.~~ 3. Two members who have at least ten years of experience in human
18 resources administration and who are appointed by the director of the
19 department of administration. One of these members shall be employed in the
20 private sector.

21 ~~5.~~ 4. One member who is a member of an employee organization that has
22 at least one thousand members and who is appointed by the director of the
23 department of administration.

24 ~~6.~~ 5. Two members who are state agency directors, deputy directors or
25 assistant directors and who are appointed by the director of the department
26 of administration.

27 E. Members of the special market adjustment committee who are
28 appointed by the director of the department of administration shall not serve
29 more than two consecutive three year terms. The department shall provide
30 staff for the special market adjustment committee.

31 F. The special market adjustment committee may assist the director in
32 determining recommendations for the cost of funding the proposed adjustments.

33 Sec. 36. Section 41-792.01, Arizona Revised Statutes, is amended to
34 read:

35 41-792.01. Capital outlay stabilization fund; authorization for
36 collection of rental; basis of payment;
37 distribution of monies collected; transfer of
38 payment; lease-purchase building operating and
39 maintenance fund; definition

40 A. The capital outlay stabilization fund is established which shall
41 consist of monies paid into it in accordance with subsections D and F of this
42 section and legislative appropriations to the account. All monies in the
43 fund are exempt from the provisions of section 35-190 relating to lapsing of
44 appropriations.

1 B. The director shall make a recommendation for the allocation of a
2 varying sum to the capital outlay stabilization fund each year. No part of
3 the fund may be expended without specific appropriation from the legislature.

4 C. Each state department and each state agency when using space under
5 the jurisdiction of the department as prescribed in section 41-791 or when
6 using space in a building owned by or leased to the state shall pay rental
7 and tenant improvement labor costs as prescribed in subsection D, E or F of
8 this section.

9 D. The rental rates authorized for agencies occupying state owned
10 buildings shall be determined ~~by the joint committee on capital review after~~
11 ~~recommendation~~ by the director before July 1 of each even-numbered year. **ON**
12 **OR BEFORE AUGUST 31 OF EACH YEAR, THE DIRECTOR SHALL REPORT THE RENTAL RATES**
13 **FOR THE CURRENT AND THE FOLLOWING FISCAL YEAR TO THE JOINT LEGISLATIVE BUDGET**
14 **COMMITTEE STAFF DIRECTOR.** The rental is payable whether the state department
15 or state agency is funded in whole or in part by state monies. The
16 department of administration shall transfer the entire amount of the rental
17 fee assessed on a state agency from the agency account into the capital
18 outlay stabilization fund promptly at the start of each fiscal year. During
19 the remainder of the fiscal year, the department of administration shall
20 calculate pro rata adjustments to the rental fee on a monthly basis to
21 reflect any changes in the occupancy of state owned buildings. The
22 department of administration shall transfer the amount of the rental fee
23 adjustment assessed on a state agency from the agency account into the
24 capital outlay stabilization fund. The rental fee authorized for state
25 agencies occupying state owned buildings is the greater of the amount
26 included in each agency's annual operating budget as reported by the staff of
27 the joint legislative budget committee or the pro rata adjusted amount based
28 on actual occupancy. The director of the department of administration, ~~upon~~
29 ~~recommendation of the joint committee on capital review,~~ may authorize an
30 exemption for periods of one year or more at a time for a state agency from
31 the full payment account transfer requirements of this subsection if the
32 agency can demonstrate a practice of making full payment of rent on a
33 different basis necessitated by its cash flow. If a state agency does not
34 have the financial resources for state owned space, or does not occupy or
35 vacates state owned space after the beginning of the fiscal year, the
36 director of the department of administration, on recommendation of the joint
37 committee on capital review, may authorize a whole or partial exemption from
38 payment of the rental fee. ~~The department of administration shall report~~
39 ~~quarterly to the director of the joint legislative budget committee on the~~
40 ~~status of rental fee collections and adjustments.~~

41 E. The rental authorized for state agencies occupying state leased
42 buildings shall be the greater of the amount included in each agency's annual
43 operating budget as reported by the staff of the joint legislative budget
44 committee or the pro rata adjusted amount based on actual occupancy. The
45 rental amount shall include the amount necessary to pay the lease or

1 lease-purchase obligation and may include the amount necessary to pay
2 operating costs associated with the lease-purchase buildings. The rental is
3 payable whether the state department or state agency is funded in whole or in
4 part by state monies. At the start of each fiscal year, the department of
5 administration shall transfer the entire amount of the rental fee assessed on
6 a state agency from the agency account into the department of
7 administration's funds established for the purposes of this subsection. The
8 department shall transfer from the applicable state agency budgets to the
9 lease-purchase building operating and maintenance fund established in
10 subsection H of this section amounts necessary to pay all operating costs
11 associated with a lease-purchase building in the amounts reported by the
12 staff of the joint legislative budget committee. During the remainder of the
13 fiscal year, the department of administration shall calculate pro rata
14 adjustments to the rental fee on a monthly basis to reflect any changes in
15 the occupancy of state leased buildings. The director of the department of
16 administration, ~~on recommendation of the joint committee on capital review,~~
17 may authorize an exemption for a state agency from the full payment account
18 transfer requirements of this subsection for one year periods or longer
19 periods if the agency can demonstrate a practice of making full payment of
20 rent on a different basis necessitated by its cash flow. If a state agency
21 does not have the financial resources for state leased space, or does not
22 occupy or vacates state leased space after the beginning of the fiscal year,
23 the director of the department of administration, on recommendation of the
24 joint committee on capital review, may authorize a whole or partial exemption
25 from payment of the rental fee.

26 F. The department shall charge state agencies for the full costs of
27 labor services it provides to accomplish tenant improvement projects within a
28 building owned by or leased to the state. Charges for this labor shall be
29 deposited in the capital outlay stabilization fund.

30 G. State universities, community colleges and the department of
31 transportation are exempt from the provisions of this section, except when
32 these state agencies are using space under the jurisdiction of the department
33 of administration.

34 H. The lease-purchase building operating and maintenance fund is
35 established consisting of monies transferred into it in accordance with
36 subsection E of this section. All monies in the fund are exempt from the
37 provisions of section 35-190 relating to lapsing of appropriations. Monies
38 in the fund are subject to legislative appropriation.

39 I. For the purposes of this section, "state department" or "state
40 agency" means any department or agency of the executive or judicial branch of
41 state government.

42 Sec. 37. Section 41-821, Arizona Revised Statutes, is amended to read:
43 41-821. Arizona historical society; powers; officers; duties of
44 board of directors

45 A. An Arizona historical society is established.

1 B. Subject to limitations imposed by law, the society may purchase,
2 receive, hold, lease and sell property, real and personal, for the benefit of
3 this state and use of the society. The society may solicit private monetary
4 donations for program activities.

5 C. The society shall have a president, a treasurer, a board of
6 directors and other officers who shall be elected by the members of the
7 society at times and by methods the bylaws of the society prescribe. The
8 board of directors may designate from among its members an executive
9 committee with authority to act in place of the board of directors and in
10 accordance with directions the board of directors may give when the board of
11 directors is not in session.

12 D. The president shall preside at meetings of the society and of the
13 board of directors.

14 E. The treasurer shall have custody of the monies of the society,
15 other than legislative appropriations. The treasurer shall hold the monies
16 of the society deposited in trust for the society's use and for the benefit
17 of this state and shall disburse them only as prescribed by law and the
18 bylaws of the society. ~~The treasurer shall submit to the joint legislative
19 budget committee a written report detailing all expenditures of
20 nonappropriated funds for the society at the beginning of each quarter.~~

21 F. The board of directors shall hold in trust for this state and
22 administer for the benefit of this state and use of the society all property
23 acquired by the society.

24 G. All expenditures of legislative appropriations to the society shall
25 be made on claims duly itemized, verified and approved by the executive
26 director. The executive director shall present and file claims for payment
27 with the director of the department of administration. The director of the
28 department of administration shall draw the warrant on the state treasurer.
29 The society may expend nonappropriated private funds related to program
30 activities.

31 H. The board of directors shall annually designate one or more
32 historical organizations within each county of this state that are
33 incorporated as nonprofit organizations and that are deemed to have a
34 functioning program of historical value based on criteria established by the
35 board of directors. The board of directors may organize chapters made up of
36 groups of its members who have a common interest in a geographical area of
37 this state or a common interest in a field of history, may provide for the
38 governance of these chapters and may grant to any chapter the power to
39 exercise authority of the society as the board of directors may determine.

40 I. The board of directors, subject to legislative appropriation, may
41 contract with certified historical organizations for services to be performed
42 for the benefit of this state. The contracts shall be prepared by the
43 Arizona historical society. The board of directors shall annually review the
44 contracts to ensure fulfillment of their provisions.

1 J. The board of directors may employ an executive director and may
2 employ or authorize the employment of other employees it considers
3 appropriate to carry out the functions of the society. The executive
4 director and all other employees shall have duties and exercise authority as
5 may be prescribed by the board of directors or by the executive director
6 acting under the direction of the board of directors.

7 K. The board may operate a program for the establishment and
8 maintenance of historical markers at various locations in this state.

9 L. In cooperation with the advisory council established by section
10 41-827.01, the board shall operate and maintain the centennial museum that
11 houses the mining and mineral museum and may engage in other activities
12 related to the museum as determined by the board or the executive director.
13 Monies received pursuant to this subsection shall be credited to an account
14 to be used for the maintenance and operations of the centennial museum that
15 houses the mining and mineral museum.

16 Sec. 38. Section 41-986, Arizona Revised Statutes, is amended to read:
17 41-986. Arizona arts endowment fund

18 A. The Arizona arts endowment fund is established consisting of monies
19 appropriated annually to the fund.

20 B. The Arizona commission on the arts shall administer the fund. On
21 notice from the commission, the state treasurer shall invest and divest
22 monies in the fund as provided by section 35-313. Monies earned from
23 investment:

24 1. Shall be credited to the fund.

25 2. Are a continuing appropriation to the commission.

26 C. The commission may not spend any monies in the fund except monies
27 earned from investment of fund monies.

28 D. Monies in the fund are exempt from the provisions of section 35-190
29 relating to lapsing of appropriations.

30 E. The commission may enter into contracts with private charitable,
31 nonprofit organizations that qualify for tax exemption under section
32 501(c)(3) of the United States internal revenue code to administer monies
33 that are donated by the organization for use in conjunction with monies from
34 the Arizona arts endowment fund. The commission shall adopt rules regarding
35 matching private monies with monies from the Arizona arts endowment fund in a
36 manner consistent with the intent of the fund.

37 F. The commission shall include in its annual report an accounting of
38 the private monies that are donated for use in conjunction with the monies
39 from the Arizona arts endowment fund. ~~Each year the joint legislative budget
40 committee shall review the commission's records regarding amounts received
41 from private sources in comparison with the amount appropriated to the fund.~~

42 G. Notwithstanding any law to the contrary, no monies from the Arizona
43 arts endowment fund may be spent for payment to any person or entity for use
44 in desecrating, casting contempt on, mutilating, defacing, defiling, burning,

1 trampling or otherwise dishonoring or causing to bring dishonor on religious
2 objects, the flag of the United States or the flag of this state.

3 Sec. 39. Section 41-1509, Arizona Revised Statutes, is amended to
4 read:

5 41-1509. Oil overcharge fund; source of monies; uses; energy
6 project loans; conditions

7 A. An oil overcharge fund is established. Monies received by the
8 state as a result of oil overcharge settlements shall be deposited, pursuant
9 to sections 35-146 and 35-147, in the fund. At least fifteen per cent of all
10 monies received shall be allocated in accordance with subsections B and C of
11 this section for loans, grants and other purposes which benefit the low
12 income population.

13 B. The director may grant loans from the principal balance of the oil
14 overcharge fund to assist political subdivisions and nonprofit organizations
15 of this state in funding energy projects. Loans may be granted in accordance
16 with the following provisions in a manner and on terms and conditions
17 prescribed by the director:

18 1. Loans shall be made only for projects which meet legal requirements
19 imposed on the uses of oil overcharge monies.

20 2. The director shall assess an administrative fee on each loan to
21 cover the annual cost to this state of administering the loan program. Fees
22 collected shall be deposited in the oil overcharge fund. Subject to
23 legislative appropriation and in accordance with legal requirements, monies
24 in the fund may be expended for the reasonable and necessary costs of
25 administering the fund.

26 3. Each loan shall be evidenced by a contract between the political
27 subdivision or nonprofit organization and the director, acting on behalf of
28 this state. The contract shall provide a payment schedule including
29 principal, interest and administrative fees for the term of the loan.

30 4. Each contract shall provide that the attorney general may commence
31 actions that are necessary to enforce contracts and achieve repayments of
32 loans made pursuant to this section.

33 C. Monies in the oil overcharge fund may be expended for grants and
34 other purposes ~~which~~ THAT meet the applicable legal requirements imposed on
35 their use ~~upon approval of the joint legislative budget committee.~~

36 D. The director shall report annually to the legislature on the status
37 of the oil overcharge fund. The report shall include a financial summary of
38 the oil overcharge fund for the preceding fiscal year with a description of
39 the outstanding loans issued. It shall also include a summary of programs
40 and projects for which grants were awarded and monies were expended. It
41 shall include specific information regarding the program's starting and
42 completion dates, the process by which the program was authorized and whether
43 the program was authorized by the legislature or the executive branch, the
44 current status of the program and the amount expended to date and whether the
45 program is funded as a grant or a loan. The report shall be submitted to the

1 president of the senate and the speaker of the house of representatives no
2 later than December 31 of each year.

3 E. Investment earnings on the unexpended balance of the oil overcharge
4 fund shall be credited to the oil overcharge fund.

5 F. The oil overcharge fund is exempt from the requirements of section
6 35-190, relating to lapsing of appropriations.

7 Sec. 40. Section 41-2401, Arizona Revised Statutes, is amended to
8 read:

9 41-2401. Criminal justice enhancement fund

10 A. The criminal justice enhancement fund is established consisting of
11 monies collected pursuant to section 12-116.01 and monies available from any
12 other source. The state treasurer shall administer the fund.

13 B. On or before November 1 of each year, each department, agency or
14 office that receives monies pursuant to this section shall provide to the
15 Arizona criminal justice commission a report for the preceding fiscal year.
16 The report shall be in a form prescribed by the Arizona criminal justice
17 commission ~~and shall be reviewed by the director of the joint legislative~~
18 ~~budget committee~~. The report shall set forth the sources of all monies and
19 all expenditures. The report shall not include any identifying information
20 about specific investigations.

21 C. On or before December 1 of each year, the Arizona criminal justice
22 commission shall compile all reports into a single comprehensive report and
23 shall submit a copy of the comprehensive report to the governor, the
24 president of the senate, the speaker of the house of representatives and the
25 director of the joint legislative budget committee.

26 D. On the first day of each month, the state treasurer shall
27 distribute or deposit:

28 1. 6.46 per cent in the Arizona automated fingerprint identification
29 system fund established by section 41-2414.

30 2. 1.61 per cent to the department of juvenile corrections for the
31 treatment and rehabilitation of youth who have committed drug-related
32 offenses.

33 3. 16.64 per cent in the peace officers' training fund established by
34 section 41-1825.

35 4. 3.03 per cent in the prosecuting attorneys' advisory council
36 training fund established by section 41-1830.03.

37 5. 9.35 per cent to the supreme court for the purpose of reducing
38 juvenile crime.

39 6. 8.56 per cent to the department of public safety. Fifteen per cent
40 of the monies shall be allocated for deposit in the Arizona deoxyribonucleic
41 acid identification system fund established by section 41-2419. Eighty-five
42 per cent of the monies shall be allocated to state and local law enforcement
43 authorities for the following purposes:

1 (a) To enhance projects that are designed to prevent residential and
2 commercial burglaries, to control street crime, including the activities of
3 criminal street gangs, and to locate missing children.

4 (b) To provide support to the Arizona automated fingerprint
5 identification system.

6 (c) Operational costs of the criminal justice information system.

7 7. 9.35 per cent to the department of law for allocation to county
8 attorneys for the purpose of enhancing prosecutorial efforts.

9 8. 6.02 per cent to the supreme court for the purpose of enhancing the
10 ability of the courts to process criminal and delinquency cases, orders of
11 protection, injunctions against harassment and any proceeding relating to
12 domestic violence matters, for auditing and investigating persons or entities
13 licensed or certified by the supreme court and for processing judicial
14 discipline cases. Notwithstanding section 12-143, subsection A, the salary
15 of superior court judges pro tempore who are appointed for the purposes
16 provided in this paragraph shall, and the salary of other superior court
17 judges pro tempore who are appointed pursuant to section 12-141 for the
18 purposes provided in this paragraph may, be paid in full by the monies
19 received pursuant to this paragraph.

20 9. 11.70 per cent to the county sheriffs for the purpose of enhancing
21 county jail facilities and operations, including county jails under the
22 jurisdiction of county jail districts.

23 10. 1.57 per cent to the Arizona criminal justice commission.

24 11. 9.00 per cent in the crime laboratory operations fund established
25 by section 41-1772.

26 12. 2.30 per cent in the crime laboratory assessment fund established
27 by section 41-2415.

28 13. 7.68 per cent in the victims' rights fund established by section
29 41-191.08.

30 14. 4.60 per cent in the victim compensation and assistance fund
31 established by section 41-2407.

32 15. 2.13 per cent to the supreme court for the purpose of providing
33 drug treatment services to adult probationers through the community
34 punishment program established in title 12, chapter 2, article 11.

35 E. Monies distributed pursuant to subsection D, paragraphs 3, 4, 7, 9,
36 11, 12, 13 and 14 of this section constitute a continuing appropriation.
37 Monies distributed pursuant to subsection D, paragraphs 1, 2, 5, 8, 10 and 15
38 of this section are subject to legislative appropriation.

39 F. The portion of the eighty-five per cent of the monies for direct
40 operating expenses of the department of public safety in subsection D,
41 paragraph 6 of this section is subject to legislative appropriation. The
42 remainder of the monies in subsection D, paragraph 6 of this section
43 including the portion of the eighty-five per cent for local law enforcement
44 is continuously appropriated.

1 G. The allocation of monies pursuant to subsection D, paragraphs 6, 7,
2 8 and 9 of this section shall be made in accordance with rules adopted by the
3 Arizona criminal justice commission pursuant to section 41-2405.

4 Sec. 41. Section 41-2402, Arizona Revised Statutes, is amended to
5 read:

6 41-2402. Drug and gang enforcement account: resource center
7 fund

8 A. A drug and gang enforcement account is established within the
9 criminal justice enhancement fund consisting of monies appropriated to the
10 account by the legislature and any other monies available from other sources,
11 public or private, to be used for the purpose of enhancing efforts to deter,
12 investigate, prosecute, adjudicate and punish drug offenders and members of
13 criminal street gangs as defined in section 13-105.

14 B. The Arizona criminal justice commission shall distribute monies
15 from the drug and gang enforcement account in the following manner:

16 1. Up to fifty per cent to fund law enforcement agencies approved by
17 the commission to enhance both:

18 (a) The investigation of drug and gang offenses and related criminal
19 activity.

20 (b) Drug and gang education and prevention programs.

21 2. Up to fifty per cent to fund programs and agencies approved by the
22 commission to enhance the state, county, city or town prosecution of drug and
23 gang offenses and related criminal activity.

24 3. Up to thirty per cent to fund programs and agencies approved by the
25 commission for the purpose of enhancing the ability of the courts to process
26 drug and gang offenses and related criminal cases, either through the
27 appointment of judges pro tempore or the establishment of additional
28 divisions of the courts only for the purposes of this section, enhancing
29 defense and probation services, including treatment, and funding the drug
30 testing program.

31 4. Up to thirty per cent to fund programs by county sheriffs and the
32 state department of corrections, as approved by the commission, to enhance
33 drug offender treatment programs and the jail operations and facilities
34 available to detain and incarcerate drug offenders and members of criminal
35 street gangs as defined in section 13-105.

36 5. Up to thirty per cent to fund programs and agencies, as approved by
37 the commission, to enhance the integration of criminal justice records
38 relating to drug and gang offenders and their related criminal activity.

39 ~~C. Before any monies are expended from the account, the criminal~~
40 ~~justice commission shall submit to the joint legislative budget committee a~~
41 ~~plan of proposed expenditures from the account and the anticipated fiscal and~~
42 ~~operational impact of those expenditures on all state and local agencies.~~

43 ~~D.~~ C. Any state agency that receives monies allocated from this
44 account shall not include such monies as part of its continuation budget base
45 for the purpose of requesting appropriations for the following fiscal year.

1 ~~E~~. D. All the monies allocated from this account shall be dedicated
2 solely to the purpose of enhancing efforts to deter, investigate, prosecute,
3 adjudicate and punish drug and gang and related criminal offenders, except
4 those monies allocated pursuant to subsection ~~H~~- G of this section.

5 ~~F~~. E. Notwithstanding the limitations prescribed in subsection B of
6 this section, any federal monies or matching state monies in the drug and
7 gang enforcement account may only be allocated by the commission pursuant to
8 a plan approved by the federal government.

9 ~~G~~. F. The auditor general shall annually perform a full and complete
10 audit of the fund or the commission shall annually contract with an
11 accounting firm to perform the audit and deliver a report to the governor and
12 the legislature. The audit shall be charged to the drug and gang enforcement
13 account.

14 ~~H~~. G. A resource center fund is established consisting of monies
15 received pursuant to section 12-284.03, subsection A, paragraph 1 and section
16 41-178 and all monies received from public or private gifts, grants or other
17 sources, excluding federal monies and monies to be passed through to other
18 entities, to be used solely for the purpose of funding the Arizona youth
19 survey. Monies in the fund are subject to legislative appropriation. Any
20 monies unexpended or unencumbered on June 30 of each year shall not be
21 subsequently expended or encumbered unless reappropriated. No monies in the
22 drug and gang enforcement account except those received pursuant to this
23 subsection shall be used to fund the Arizona youth survey. Monies that are
24 expended pursuant to this subsection are subject to the reporting
25 requirements prescribed in section 41-617.01.

26 Sec. 42. Section 41-2826, Arizona Revised Statutes, is amended to
27 read:

28 41-2826. Department of juvenile corrections restitution fund

29 A. The department of juvenile corrections restitution fund is
30 established for the payment of restitution and monetary assessments by youths
31 who are ordered to pay restitution or monetary assessments and who are
32 financially unable to pay or who are otherwise unable to be employed to earn
33 money to pay restitution or monetary assessments and who are working in the
34 committed youth work program prescribed by section 41-2822 or the community
35 work program established by section 41-2825. The fund consists of federal,
36 state and local appropriations, monies distributed to the fund pursuant to
37 section 41-2828 and grants, gifts, devises and donations from any public or
38 private source. The fund shall be used to pay a youth for the youth's work
39 in the committed youth work program prescribed by section 41-2822 and to
40 provide monies for the community work program established by section 41-2825.

41 B. The director may direct the payment of monies from the fund to the
42 victim or the court for community restitution activities the youth does to
43 pay restitution or monetary assessments that were ordered by the juvenile
44 court or that the youth agreed to pay as part of a community work program
45 administered by the department. If a youth performs community restitution

1 pursuant to this subsection, the entity providing the work shall supervise
2 the youth's work. The youth shall be credited for each hour worked at an
3 hourly rate set by the director.

4 C. As monies are available, the department shall pay from the fund
5 youths who perform work or community restitution activities for restitution
6 and monetary assessments purposes.

7 D. The department may expend, for the payment of administrative costs
8 and expenses, an amount not greater than ten per cent of the fund balance as
9 of the end of the preceding fiscal year.

10 E. Monies in the fund are continuously appropriated and are exempt
11 from the provisions of section 35-190 relating to lapsing of appropriations.

12 ~~F. On or before August 15 of each year, the department shall submit a~~
13 ~~report to the joint legislative budget committee detailing all revenues~~
14 ~~received by and expenditures made from the fund during the most recent fiscal~~
15 ~~year.~~

16 Sec. 43. Section 41-3542, Arizona Revised Statutes, is amended to
17 read:

18 41-3542. Advisory commission; powers and duties; report

19 A. The Arizona public safety communications advisory commission shall
20 make recommendations to the agency regarding the development and maintenance
21 of work plans to outline areas of work to be performed and appropriate
22 schedules for at least the following:

23 1. The development of a standard based system that provides
24 interoperability of public safety agencies' communications statewide.

25 2. The promotion of the development and use of standard based systems.

26 3. The identification of priorities and essential tasks determined by
27 the advisory commission.

28 4. The development of a timeline for project activities.

29 5. Completion of a survey of existing and planned efforts statewide
30 and benchmark against similar efforts nationally.

31 6. Providing support for the state interoperability executive
32 committee.

33 7. Establishing committees and work groups as necessary.

34 B. The agency may:

35 1. Employ personnel as required with available monies.

36 2. Enter into contracts to assess, design, construct and use public
37 safety communications systems.

38 3. Accept grants, fees and other monies for use by the agency and the
39 advisory commission.

40 4. Enter into agreements to carry out the purposes of this article.

41 5. Request cooperation from any state agency for the purposes of this
42 article.

43 C. The department of public safety shall consult with the director of
44 the government information technology agency or the director's designee on an
45 ongoing basis. **ON OR BEFORE SEPTEMBER 30 OF EACH YEAR,** the director of the

1 government information technology agency shall submit a ~~quarterly~~ report to
2 the joint legislative budget committee for review regarding expenditures and
3 progress of the commission, including a review of staff operations and
4 preparation of requests for proposals for system detail and concept work.

5 D. The commission shall annually submit a report of its activities and
6 recommendations to the governor, the speaker of the house of representatives
7 and the president of the senate on or before December 1 and shall provide a
8 copy of the report to the secretary of state ~~and the director of the Arizona~~
9 ~~state library, archives and public records.~~

10 Sec. 44. Section 46-803, Arizona Revised Statutes, is amended to read:
11 46-803. Eligibility for child care assistance

12 A. The department shall provide child care assistance to eligible
13 families who are attempting to achieve independence from the cash assistance
14 program and who need child care assistance in support of and as specified in
15 their personal responsibility agreement pursuant to chapters 1 and 2 of this
16 title.

17 B. The department shall provide child care assistance to eligible
18 families who are transitioning off of cash assistance due to increased
19 earnings or child support income in order to accept or maintain employment.
20 Eligible families must request this assistance within six months after the
21 cash assistance case closure. Child care assistance may be provided for up
22 to twenty-four months after the case closure and shall cease whenever the
23 family income exceeds one hundred sixty-five per cent of the federal poverty
24 level.

25 C. The department shall provide child care assistance to eligible
26 families who are diverted from cash assistance pursuant to section 46-298 in
27 order to obtain or maintain employment. Child care assistance may be
28 provided for up to twenty-four months after the case closure and shall cease
29 whenever the family income exceeds one hundred sixty-five per cent of the
30 federal poverty level.

31 D. The department may provide child care assistance to support
32 eligible families with incomes of one hundred sixty-five per cent or less of
33 the federal poverty level to accept or maintain employment. Priority for
34 this child care assistance shall be given to families with incomes of one
35 hundred per cent or less of the federal poverty level.

36 E. The department may provide child care assistance to families
37 referred by child protective services and to children in foster care pursuant
38 to title 8, chapter 5 to support child protection.

39 F. The department may provide child care assistance to special
40 circumstance families whose incomes are one hundred sixty-five per cent or
41 less of the federal poverty level and who are unable to provide child care
42 for a portion of a twenty-four hour day due to a crisis situation of domestic
43 violence or homelessness, or a physical, mental, emotional or medical
44 condition, participation in a drug treatment or drug rehabilitation program
45 or court ordered community restitution. Priority for this child care

1 assistance shall be given to families with incomes of one hundred per cent or
2 less of the federal poverty level.

3 G. In lieu of the employment activity required in subsection B, C or D
4 of this section, the department may allow eligible families with teenaged
5 custodial parents under twenty years of age to complete a high school diploma
6 or its equivalent or engage in remedial education activities reasonably
7 related to employment goals.

8 H. The department may provide supplemental child care assistance for
9 department approved education and training activities if the eligible parent,
10 legal guardian or caretaker relative is working at least a monthly average of
11 twenty hours per week and this education and training are reasonably related
12 to employment goals. The eligible parent, legal guardian or caretaker
13 relative must demonstrate satisfactory progress in the education or training
14 activity.

15 I. Beginning March 12, 2003, the department shall establish waiting
16 lists for child care assistance and prioritize child care assistance for
17 different eligibility categories in order to manage within appropriated and
18 available monies. Priority of children on the waiting list shall start with
19 those families at one hundred per cent of the federal poverty level and
20 continue with each successive ten per cent increase in the federal poverty
21 level until the maximum allowable federal poverty level of one hundred
22 sixty-five per cent. Priority shall be given regardless of time spent on the
23 waiting list.

24 J. The department shall establish criteria for denying, reducing or
25 terminating child care assistance that include:

26 1. Whether there is a parent, legal guardian or caretaker relative
27 available to care for the child.

28 2. Financial or programmatic eligibility changes or ineligibility.

29 3. Failure to cooperate with the requirements of the department to
30 determine or redetermine eligibility.

31 4. Hours of child care need that fall within the child's compulsory
32 academic school hours.

33 5. Reasonably accessible and available publicly funded early childhood
34 education programs.

35 6. Whether an otherwise eligible family has been sanctioned and cash
36 assistance has been terminated pursuant to chapter 2 of this title.

37 7. Other circumstances of a similar nature.

38 8. Whether sufficient monies exist for the assistance.

39 K. Families receiving child care assistance under subsection D or F of
40 this section are also subject to the following requirements for such child
41 care assistance:

42 1. Each child is limited to no more than sixty cumulative months of
43 child care assistance. The department may provide an extension if the family
44 can prove that the family is making efforts to improve skills and move
45 towards self-sufficiency.

1 2. Families are limited to no more than six children receiving child
2 care assistance.

3 3. Copayments shall be imposed for all children receiving child care
4 assistance. Copayments for each child may be higher for the first child in
5 child care than for additional children in child care.

6 L. The department shall review each case at least once a year to
7 evaluate eligibility for child care assistance.

8 M. The department shall report on December 31 and June 30 of each year
9 to the joint legislative budget committee the total number of families who
10 applied for child care assistance and the total number of families who were
11 denied assistance under this section because the parents, legal guardians or
12 caretaker relatives who applied for assistance were not citizens or legal
13 residents of the United States or were not otherwise lawfully present in the
14 United States.

15 N. This section shall be enforced without regard to race, religion,
16 gender, ethnicity or national origin.

17 ~~O. Notwithstanding section 35-173, monies appropriated for the~~
18 ~~purposes of this section shall not be used for any other purpose without the~~
19 ~~approval of the joint legislative budget committee.~~

20 ~~P.~~ O. The department shall refer all child care subsidy recipients to
21 child support enforcement and to local workforce services and provide
22 information on the earned income tax credit.

23 Sec. 45. Section 49-545, Arizona Revised Statutes, is amended to read:

24 49-545. Agreement with independent contractor; qualifications
25 of contractor; agreement provisions

26 A. The director is authorized to enter into an emissions inspection
27 agreement with one or more independent contractors, subject to public
28 bidding, to provide for the construction, equipment, establishment,
29 maintenance and operation of any official emissions inspection stations in
30 such numbers and locations as may be required to provide vehicle owners
31 reasonably convenient access to inspection facilities for the purpose of
32 obtaining compliance with this article and the rules adopted pursuant to this
33 article. The agreement may provide that official inspection stations shall
34 be placed in permanent or movable buildings at particular locations as well
35 as in mobile units for conveyance from one preannounced particular location
36 to another.

37 B. The director is prohibited from entering into an emissions
38 inspection agreement with any independent contractor who:

39 1. Is engaged in the business of manufacturing, selling, maintaining
40 or repairing vehicles, except that the independent contractor shall not be
41 precluded from maintaining or repairing any vehicle owned or operated by the
42 independent contractor.

43 2. Does not have the capability, resources or technical and management
44 skill to adequately construct, equip, operate and maintain a sufficient
45 number of official emissions inspection stations to meet the demand for

1 inspection of every vehicle which is required to be submitted for inspection
2 pursuant to this article.

3 C. All persons employed by the independent contractor in the
4 performance of an emissions inspection agreement are deemed to be employees
5 of the independent contractor and not of this state. No employee of the
6 independent contractor shall wear any badge, insignia, patch, emblem, device,
7 word or series of words which would tend to indicate that such person is
8 employed by this state. Employees of the independent contractor are
9 specifically prohibited under this subsection from wearing the flag of this
10 state, the words "state of Arizona", the words "official emissions inspection
11 program" or any similar emblem or phrase.

12 D. The emissions inspection agreement authorized by this section shall
13 contain, in addition to any other provisions, provisions relating to the
14 following:

15 1. A contract term or duration of between five and seven years with
16 reasonable compensation to the contractor if the provisions of this article
17 are repealed.

18 2. That nothing in the agreement or contract shall require the state
19 to purchase any asset or assume any liability if such agreement or contract
20 is not renewed.

21 3. The minimum requirements for adequate staff, equipment, management
22 and hours and place of operation of official emissions inspection stations.

23 4. The submission of such reports and documentation concerning the
24 operation of official emissions inspection stations as the director and the
25 auditor general may require.

26 5. Surveillance by the department of environmental quality and the
27 auditor general to ensure compliance with vehicular emissions standards,
28 procedures, rules and laws.

29 6. The right of this state, upon providing reasonable notice to the
30 independent contractor, to terminate the contract with the independent
31 contractor and the right of this state on termination of the contract to
32 assume operation of the vehicle emissions inspection program through another
33 contract provider or otherwise.

34 7. The right of this state upon termination of the term of the
35 agreement or upon assumption of the operation of the program to have
36 transferred and assigned to it for reasonable compensation any interest in
37 land, buildings, improvements, equipment, parts, tools and services used by
38 the independent contractors in their operation of the program.

39 8. The right of this state upon termination of the term of the
40 agreement or assumption of the operation of the program to have transferred
41 and assigned to it any contract rights, and related obligations, for land,
42 buildings, improvements, equipment, parts, tools and services used by the
43 independent contractors in their operation of the program.

44 9. The obligation of the independent contractors to provide in any
45 agreement to be executed by them, and to maintain in any agreements

1 previously executed by them, for land, buildings, improvements, equipment,
2 parts, tools and services used in their operation of the program for the
3 right of the independent contractors to assign to this state any of their
4 rights and obligations under such contract.

5 10. The right of the independent contractor, in the event the contract
6 is terminated and the state elects to assume operation of the vehicle
7 emissions inspection program through another contractor or otherwise, to
8 retain and not transfer to the state any interest in or any contract rights
9 and related obligations for improvements, equipment, parts, tools and
10 services THAT ARE used by the independent contractor in the operation of the
11 program and ~~which~~ THAT are proprietary in nature, as may be more specifically
12 set forth in the contract.

13 11. The amounts of liquidated damages payable by this state to the
14 independent contractor if the state exercises its right to terminate the
15 contract at the conclusion of each year of the contract pursuant to paragraph
16 6 of this subsection. The damages recoverable by the independent contractor
17 if the state exercises its right to terminate the contract shall be limited
18 to the liquidated damages specified in the contract.

19 12. Any other provision deemed necessary by the director for the
20 administration or enforcement of the emissions inspection agreement.

21 E. The department of environmental quality shall establish bid
22 specifications or contract terms for a contract with an independent
23 contractor as provided in this section, review bids for award of a contract
24 with the independent contractors and negotiate any terms of a contract with
25 the independent contractors.

26 F. In evaluating bids for an emissions inspection agreement, no
27 additional consideration shall be given to a bid solely on the basis of the
28 type of conditioning mode proposed in the bid.

29 G. After a contract is awarded to an independent contractor, the
30 director may modify the contract with the independent contractor to allow the
31 contractor and the state to comply with amendments to applicable statutes or
32 rules. These modifications are exempt from public bidding and may include
33 the addition, deletion or alteration of any contract provision in order to
34 make compliance feasible, including inspection fees and services rendered.
35 Provisions relating to contract term or duration may be amended, except that
36 the term or duration of the contract in existence on August 6, 1999 shall not
37 be extended beyond December 31, 2001. Any proposed modification or amendment
38 to the contract is subject to prior review by the joint legislative budget
39 committee. If the director cannot negotiate an acceptable modification of
40 the contract, the state may terminate the contract.

41 ~~H. The following apply for any contract that takes effect beginning on~~
42 ~~or after January 1, 2002 and for which the contractor will be providing~~
43 ~~services under this section.~~

1 ~~1. The department of environmental quality shall report at the end of~~
2 ~~each calendar quarter to the joint legislative budget committee on the status~~
3 ~~of the contract process, discussions, development of the request for~~
4 ~~proposal, contract negotiations, and any other information as may be~~
5 ~~requested.~~

6 ~~2. The contract terms are subject to prior review by the joint~~
7 ~~legislative budget committee before placement of any advertisement that~~
8 ~~solicits a response to requests for proposal.~~

9 ~~3. Any proposed modification or amendment to the contract is subject~~
10 ~~to prior review by the joint legislative budget committee.~~

11 Sec. 46. Effective date

12 Sections 5-557 and 5-559, Arizona Revised Statutes, as amended by this
13 act, are effective from and after June 30, 2012.