

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SENATE BILL 1623

AN ACT

AMENDING SECTIONS 5-104, 5-104.02 AND 5-113, ARIZONA REVISED STATUTES; AMENDING TITLE 5, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 5-113.01; AMENDING SECTION 5-230, ARIZONA REVISED STATUTES; AMENDING LAWS 2009, CHAPTER 1, SECTION 9; MAKING APPROPRIATIONS; RELATING TO REGULATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 5-104, Arizona Revised Statutes, is amended to
3 read:

4 5-104. Racing commission; director; department; powers and
5 duties

6 A. The commission shall:

7 1. Issue racing dates.

8 2. Prepare and adopt such complete rules to govern the racing meetings
9 as may be required to protect and promote the safety and welfare of the
10 animals participating in such racing meetings, to protect and promote public
11 health, safety and the proper conduct of racing and pari-mutuel wagering and
12 any other matter pertaining to the proper conduct of racing within this
13 state.

14 3. Conduct hearings on applications for permits and approve permits
15 and shall conduct such rehearings on licensing and regulatory decisions made
16 by the director as required pursuant to rules adopted by the commission.

17 4. Conduct all reviews of applications to construct capital
18 improvements at racetracks as provided in this chapter.

19 5. Adopt rules governing the proper and humane methods for the
20 disposition and transportation of dogs by breeders, kennels or others.

21 B. The director shall license personnel and shall regulate and
22 supervise all racing meetings held and pari-mutuel wagering conducted in this
23 state and cause the various places where racing meetings are held and
24 wagering is conducted to be visited and inspected on a regular basis. The
25 director may delegate to stewards such of the director's powers and duties as
26 are necessary to fully carry out and effectuate the purposes of this chapter.
27 The director shall exercise immediate supervision over the department of
28 racing. The director is subject to ongoing supervision by the commission,
29 and the commission may approve or reject decisions of the director in
30 accordance with rules established by the commission.

31 C. The commission or the department is authorized to allow stewards,
32 with the written approval of the director, to require a jockey, apprentice
33 jockey, sulky driver, groom, horseshoer, outrider, trainer, assistant
34 trainer, exercise rider, pony rider, starter, assistant starter, jockey's
35 agent, veterinarian, assistant veterinarian, cool-out, lead-out, paddock
36 employee, security or maintenance worker, official or individual licensed in
37 an occupational category whose role requires direct hands-on contact with
38 horses or greyhounds, while on the grounds of a permittee, to submit to a
39 test if the stewards have reason to believe the licensee is under the
40 influence of or unlawfully in possession of any prohibited substance
41 regulated by title 13, chapter 34.

42 D. The department shall employ the services of the office of
43 administrative hearings to conduct hearings on matters requested to be heard
44 by the director or the commission for the department except for those
45 rehearings that are required by the terms of this chapter to be conducted by

1 the commission. Any person adversely affected by a decision of a steward or
2 by any other decision of the department may request a hearing on such
3 decision. The decision of the administrative law judge becomes the decision
4 of the director unless rejected or modified by the director within thirty
5 days. The commission may hear any appeal of a decision of the director in
6 accordance with title 41, chapter 6, article 10.

7 E. The department may visit and investigate the offices, tracks or
8 places of business of any permittee and place in those offices, tracks or
9 places of business expert accountants and such other persons as it deems
10 necessary for the purpose of ascertaining that the permittee or any licensee
11 is in compliance with the rules adopted pursuant to this article.

12 F. The department shall ESTABLISH AND collect the FOLLOWING LICENSING
13 fees ~~payable for a license issued by it, as follows~~ AND REGULATORY
14 ASSESSMENTS, WHICH SHALL NOT BE REDUCED FOR HARDSHIP TAX CREDITS PURSUANT TO
15 SECTION 5-111, SUBSECTION I OR FOR CAPITAL IMPROVEMENTS PURSUANT TO SECTION
16 5-111.02 OR 5-111.03:

- 17 ~~1. Occupational licenses, up to fifty dollars.~~
- 18 ~~2. Owner, trainer, veterinarian, authorized agent, officials,~~
19 ~~assistant trainer, stable name renewal or kennel name renewal, up to~~
20 ~~seventy-five dollars.~~
- 21 ~~3. Owner-trainer, driver, jockey, jockey agent or apprentice jockey,~~
22 ~~up to one hundred fifty dollars.~~
- 23 ~~4. New stable name or new kennel name, up to five hundred dollars.~~
- 24 ~~5. Duplicate license, up to five dollars.~~
- 25 ~~6. Temporary license, up to fifty dollars.~~
- 26 ~~7. If not licensed pursuant to paragraph 9 of this subsection with a~~
27 ~~combination license, greyhound racing kennels, up to one hundred dollars.~~
- 28 ~~8. If not licensed pursuant to paragraph 9 of this subsection with a~~
29 ~~combination license, farms or other operations where greyhounds are raised~~
30 ~~for the purpose of dog racing, up to one hundred dollars.~~
- 31 ~~9. Any combination of greyhound racing kennels, farms or other~~
32 ~~operations where greyhounds are raised for the purpose of dog racing, up to~~
33 ~~one hundred dollars.~~

34 1. FOR EACH RACING LICENSE ISSUED, A FEE ESTABLISHED BY THE
35 DEPARTMENT.

36 2. FROM THE PURSE ACCOUNTS PROVIDED FOR IN SECTION 5-111, A REGULATORY
37 ASSESSMENT TO PAY FOR RACING ANIMAL MEDICATION TESTING, ANIMAL SAFETY AND
38 WELFARE.

39 3. FROM EACH PERMITTEE, A REGULATORY ASSESSMENT FOR EACH DAY OF DARK
40 DAY SIMULCASTING CONDUCTED IN EXCESS OF THE NUMBER OF LIVE RACING DAYS
41 CONDUCTED BY THE PERMITTEE.

42 4. FROM EACH COMMERCIAL RACING PERMITTEE, A REGULATORY ASSESSMENT
43 PAYABLE FROM AMOUNTS DEDUCTED FROM PARI-MUTUEL POOLS BY THE PERMITTEE, IN
44 ADDITION TO THE AMOUNTS THE PERMITTEE IS AUTHORIZED TO DEDUCT PURSUANT TO

1 SECTION 5-111, SUBSECTION C FROM AMOUNTS WAGERED ON LIVE AND SIMULCAST RACES
2 FROM IN-STATE AND OUT-OF-STATE WAGERING HANDLED BY THE PERMITTEE.

3 G. The commission shall establish financial assistance procedures for
4 promoting adoption of racing greyhounds as domestic pets and for promoting
5 adoption of retired racehorses. The provision of financial assistance to
6 nonprofit enterprises for the purpose of promoting adoption of racing
7 greyhounds as domestic pets and for the purpose of promoting adoption of
8 retired racehorses is contingent on a finding by the commission that the
9 program presented by the enterprise is in the best interest of the racing
10 industry and this state. Upon a finding by the commission, the commission is
11 authorized to make grants to nonprofit enterprises whose programs promote
12 adoption of racing greyhounds or adoption of retired racehorses. The
13 commission shall develop an application process. The commission shall
14 require an enterprise to report to the commission on the use of grants under
15 this subsection. Financial assistance for nonprofit enterprises for the
16 purpose of promoting adoption of racing greyhounds as domestic pets under
17 this subsection shall not exceed the amount collected for license fees under
18 subsection F, ~~paragraphs 7, 8 and 9~~ of this section FOR GREYHOUND RACING
19 KENNELS, FARMS OR OTHER OPERATIONS WHERE GREYHOUNDS ARE RAISED FOR THE
20 PURPOSE OF DOG RACING. Financial assistance for nonprofit enterprises that
21 promote adoption of retired racehorses under this subsection shall not exceed
22 the amount of retired racehorse adoption surcharges collected pursuant to
23 this subsection. The commission shall collect a retired racehorse adoption
24 surcharge in addition to each civil penalty assessed in connection with horse
25 or harness racing pursuant to this article. The amount of the retired
26 racehorse adoption surcharge shall be five per cent of the amount collected
27 for each applicable civil penalty.

28 H. A license is valid for the period established by the commission,
29 but not to exceed three years, except for a temporary license issued pursuant
30 to section 5-107.01, subsection F. The licensing period for horse racing
31 shall begin July 1. The licensing period for greyhound racing shall begin
32 February 1.

33 I. Upon application in writing by an objector to any decision of track
34 stewards, made within three days after the official notification to the
35 objector of the decision complained of, the department or administrative law
36 judge shall review the objection. In the case of a suspension of a license
37 by the track stewards, such suspension shall commence at once and run for a
38 period of not more than sixty days. Before the end of this suspension
39 period, filing an application for review is not cause for reinstatement. If
40 at the end of this suspension period the department or administrative law
41 judge has not held a hearing to review the decision of the stewards, the
42 suspended license shall be reinstated until such time as the department or
43 administrative law judge holds a hearing to review the objection. Except as
44 provided in section 41-1092.08, subsection H, a final decision of the

1 commission is subject to judicial review pursuant to title 12, chapter 7,
2 article 6.

3 J. The commission or the director may issue subpoenas for the
4 attendance of witnesses and the production of books, records and documents
5 relevant and material to a particular matter before the commission or
6 department. Such subpoenas shall be served and enforced in accordance with
7 title 41, chapter 6, article 10.

8 K. Any member of the commission, the administrative law judge or the
9 director or the director's designee may administer oaths, and such oaths
10 shall be administered to any person who appears before the commission to give
11 testimony or information pertaining to matters before the commission.

12 L. The commission shall adopt rules which require permittees to retain
13 for three months all official race photographs and videotapes. The
14 department shall retain all such photographs and videotapes which are used as
15 evidence in an administrative proceeding until the conclusion of the
16 proceeding and any subsequent judicial proceeding. All photographs and
17 videotapes must be available to the public on request, including photographs
18 and videotapes of races concerning which an objection is made, regardless of
19 whether the objection is allowed or disallowed.

20 M. The director may establish a management review section for the
21 development, implementation and operation of a system of management reports
22 and controls in major areas of department operations, including licensing,
23 work load management and staffing, and enforcement of the provisions of this
24 article and the rules of the commission.

25 N. In cooperation with the department of public safety, the director
26 shall establish a cooperative fingerprint registration system. Each
27 applicant for a license or permit under this article or any other person who
28 has a financial interest in the business or corporation making the
29 application shall submit to fingerprint registration as part of the
30 background investigation conducted pursuant to section 5-108. The
31 cooperative fingerprint registration system shall be maintained in an updated
32 form using information from available law enforcement sources and shall
33 provide current information to the director upon request as to the fitness of
34 each racing permittee and each racing licensee to engage in the racing
35 industry in this state.

36 O. The director shall develop and require department staff to use
37 uniform procedural manuals in the issuance of any license or permit under
38 this article and in the enforcement of this article and the rules adopted
39 under this article.

40 P. The director shall submit an annual report containing such
41 operational and economic performance information as is necessary to evaluate
42 the department's budget request for the forthcoming fiscal year to the
43 governor, the speaker of the house of representatives, the president of the
44 senate and the Arizona state library, archives and public records no later

1 than September 30 each year. The annual report shall be for the preceding
2 fiscal year and contain such performance information as:

3 1. The total state revenues for the previous fiscal year from the
4 overall pari-mutuel handle with an itemization for each dog racing meeting,
5 each horse racing meeting, each harness racing meeting and each additional
6 wagering facility.

7 2. The total state revenues for the previous fiscal year from the
8 regulation of racing, including licensing fees assessed pursuant to
9 subsection F of this section and monetary penalties assessed pursuant to
10 section 5-108.02.

11 3. The amount and use of capital improvement funds pursuant to
12 sections 5-111.02 and 5-111.03 which would otherwise be state revenues.

13 4. The number of licenses and permits issued, renewed, pending and
14 revoked during the previous fiscal year.

15 5. The investigations conducted during the previous fiscal year and
16 any action taken as a result of the investigations.

17 6. The department budget for the immediately preceding three fiscal
18 years, including the number of full-time, part-time, temporary and contract
19 employees, a statement of budget needs for the forthcoming fiscal year and a
20 statement of the minimum staff necessary to accomplish these objectives.

21 7. Revenues generated for this state for the preceding fiscal year by
22 persons holding horse, harness and dog racing permits.

23 8. Recommendations for increasing state revenues from the regulation
24 of the racing industry while maintaining the financial health of the industry
25 and protecting the public interest.

26 Q. The commission may certify animals as Arizona bred or as Arizona
27 stallions. The commission may delegate this authority to a breeders'
28 association it contracts with for these purposes. The commission may
29 authorize the association, racing organization or department to charge and
30 collect a reasonable fee to cover the cost of breeding or ownership
31 certification or transfer of ownership for racing purposes.

32 R. The department has responsibility for the collection and accounting
33 of revenues for the state boxing and mixed martial arts commission including,
34 but not limited to, licensing fees required by section 5-230, the levy of the
35 tax on gross receipts imposed by section 5-104.02 and cash deposited pursuant
36 to section 5-229. All revenues collected pursuant to this subsection, from
37 whatever source, shall be reported and deposited pursuant to section
38 5-104.02, subsection C, EXCEPT THAT LICENSING FEES REQUIRED BY SECTION 5-230
39 SHALL BE DEPOSITED IN THE RACING REGULATION FUND ESTABLISHED BY SECTION
40 5-113.01. The director shall adopt rules as necessary to accomplish the
41 purposes of this subsection and chapter 2, article 2 of this title.

42 S. The commission may obtain the services of the office of
43 administrative hearings on any matter which the commission is empowered to
44 hear.

1 T. The department may adopt rules pursuant to title 41, chapter 6 to
2 carry out the purposes of this article, ensure the safety and integrity of
3 racing in this state and protect the public interest.

4 Sec. 2. Section 5-104.02, Arizona Revised Statutes, is amended to
5 read:

6 5-104.02. Levy of tax on gross receipts; disposition;
7 verification and financial audit; definition

8 A. Any person who promotes a boxing contest in this state pursuant to
9 chapter 2, article 2 of this title shall comply with rules of the director
10 adopted pursuant to section 5-104 and shall within ten days after the contest
11 pay to the department four per cent of the gross receipts, after the
12 deduction of city, state and federal taxes, of such match or exhibition.

13 B. The department shall verify the gross receipts of a contest. The
14 director may require a person or corporation licensed under chapter 2,
15 article 2 of this title to supply a certified financial audit to the
16 department. The director shall adopt rules that require each person or
17 corporation licensed under chapter 2, article 2 of this title to select a
18 certified public accountant to conduct the financial audit. The financial
19 statements prepared pursuant to this section shall be prepared in accordance
20 with generally accepted accounting principles and shall include any
21 additional schedules the director may require. A person subject to a
22 financial audit under this section shall afford reasonable and needed
23 facilities and make returns and exhibits to the department in the form and at
24 the time prescribed by the director.

25 C. At the end of each month the director shall report to the
26 department of administration the total amount received under chapter 2,
27 article 2 of this title from all sources, including license fees, and shall
28 deposit ~~+~~ THAT AMOUNT, EXCLUDING LICENSE FEES, pursuant to sections 35-146
29 and 35-147, in the state general fund.

30 D. A promoter may issue complimentary tickets that are exempt from
31 taxation pursuant to this title. If a promoter issues complimentary tickets,
32 the exemption from taxation applies to two per cent of the total number of
33 tickets issued for the event or seventy-five tickets, whichever is greater.

34 E. ~~As used in~~ FOR THE PURPOSES OF this section, "gross receipts" means
35 all receipts from the face value of tickets sold.

36 Sec. 3. Section 5-113, Arizona Revised Statutes, is amended to read:

37 5-113. Disposition of revenues and monies; funds; committee

38 A. ~~EXCEPT AS PROVIDED IN SECTION 5-113.01~~, all revenues derived from
39 permittees, permits and licenses as provided by this article shall be
40 deposited, pursuant to sections 35-146 and 35-147, in the state general fund.

41 B. The Arizona county fairs racing betterment fund is established
42 under the jurisdiction of the department. The department shall distribute
43 monies from the fund to the county fair association or county fair racing
44 association of each county conducting a county fair racing meeting in such
45 proportion as the department deems necessary for the promotion and betterment

1 of county fair racing meetings. All expenditures from the fund shall be made
2 upon claims approved by the department. In order to be eligible for
3 distributions from the fund, a county fair association must provide the
4 department with an annual certification in the form required by the
5 department supporting expenditures made from the fund. Balances remaining in
6 the fund at the end of a fiscal year do not revert to the state general fund.

7 C. The county fairs livestock and agriculture promotion fund is
8 established under the control of the governor and shall be used for the
9 purpose of promoting the livestock and agricultural resources of the state
10 and for the purpose of conducting an annual Arizona national livestock fair
11 by the Arizona exposition and state fair board to further promote livestock
12 resources. The direct expenses less receipts of the livestock fair shall be
13 paid from this fund, but such payment shall not exceed thirty per cent of the
14 receipts of the fund for the preceding fiscal year. Balances remaining in
15 the fund at the end of a fiscal year do not revert to the state general fund.
16 All expenditures from the fund shall be made upon claims approved by the
17 governor, as recommended by the livestock and agriculture committee, for the
18 promotion and betterment of the livestock and agricultural resources of this
19 state. The livestock and agriculture committee is established and shall be
20 composed of the following members, at least three of whom are from counties
21 that have a population of less than five hundred thousand persons, appointed
22 by the governor:

- 23 1. Three members representing county fairs.
- 24 2. One member representing Arizona livestock fairs.
- 25 3. One member representing the university of Arizona college of
26 agriculture.
- 27 4. One member representing the livestock industry.
- 28 5. One member representing the farming industry.
- 29 6. One member representing the governor's office.
- 30 7. One member representing the Arizona state fair conducted by the
31 Arizona exposition and state fair board.
- 32 8. One member representing the general public.

33 D. The governor shall appoint a chairman from the members. Terms of
34 members shall be four years.

35 E. Members of the committee are not eligible to receive compensation
36 but are eligible to receive reimbursement for expenses pursuant to title 38,
37 chapter 4, article 2.

38 F. The Arizona breeders' award fund is established under the
39 jurisdiction of the department. The department shall distribute monies from
40 the fund to the breeder, or the breeder's heirs, devisees or successors, of
41 every winning horse or greyhound foaled or whelped in this state, as defined
42 by section 5-114, in a manner and in an amount established by rules of the
43 commission to protect the integrity of the racing industry and promote,
44 improve and advance the quality of race horse and greyhound breeding within
45 this state. The department may contract with a breeders' association to

1 provide data, statistics and other information necessary to enable the
2 department to carry out the purposes of this subsection. Persons who are not
3 eligible to be licensed under section 5-107.01 or persons who have been
4 refused licenses under section 5-108 are not eligible to participate in the
5 Arizona greyhound breeders' award fund. Balances remaining in the fund at
6 the end of a fiscal year do not revert to the state general fund. For the
7 purposes of this subsection, "breeder" means the owner or lessee of the dam
8 of the animal at the time the animal was foaled or whelped.

9 G. The Arizona stallion award fund is established under the
10 jurisdiction of the department to promote, improve and advance the quality of
11 stallions in this state. The department shall distribute monies from the
12 fund to the owner or lessee, or the owner's or lessee's heirs, devisees or
13 successors, of every Arizona stallion whose certified Arizona bred offspring,
14 as prescribed in section 5-114, finishes first, second or third in an
15 eligible race in this state. The department may contract with a breeders'
16 association to provide data, statistics and other information necessary to
17 enable the department to carry out the purposes of this subsection. Balances
18 remaining in the fund at the end of a fiscal year do not revert to the state
19 general fund. The commission shall adopt rules pursuant to title 41, chapter
20 6 to carry out the purposes of this subsection. The rules shall prescribe at
21 a minimum:

22 1. The manner and procedure for distribution from the fund, including
23 eligibility requirements for owners and lessees.

24 2. Subject to availability of monies in the fund, the amount to be
25 awarded.

26 3. The requirements for a stallion registered with the jockey club,
27 Lexington, Kentucky or with the American quarter horse association, Amarillo,
28 Texas to be certified as an Arizona stallion.

29 4. The types and requirements of races for which an award may be made.

30 H. The greyhound and retired racehorse adoption fund is established.
31 The department shall administer the fund and maintain separate accounts for
32 greyhound adoptions and retired racehorse adoptions. All revenues derived
33 from license fees collected from dog breeders, racing kennels and other
34 operations **WHERE GREYHOUNDS ARE RAISED FOR THE PURPOSE OF DOG RACING** pursuant
35 to section 5-104, subsection F, ~~paragraphs 7, 8 and 9~~ shall be deposited,
36 pursuant to sections 35-146 and 35-147, in the greyhound adoption account of
37 the fund. All revenues derived from retired racehorse adoption surcharges
38 collected pursuant to section 5-104, subsection G shall be deposited,
39 pursuant to sections 35-146 and 35-147, in the retired racehorse adoption
40 account of the fund. The department shall distribute monies from the fund to
41 provide financial assistance to nonprofit enterprises approved by the
42 commission to promote the adoption of former racing greyhounds as domestic
43 pets and to promote the adoption of retired racehorses pursuant to section
44 5-104, subsection G in a manner and in an amount established by rules of the

1 commission. Balances remaining in the fund at the end of a fiscal year do
2 not revert to the state general fund.

3 I. The county fair racing fund is established. The department shall
4 administer the fund. Monies in the fund are continuously appropriated. The
5 department shall use fund monies for the administration of county fair
6 racing. Any monies remaining unexpended in the fund at the end of the fiscal
7 year in excess of seventy-five thousand dollars shall revert to the state
8 general fund.

9 J. The agricultural consulting and training fund is established. The
10 Arizona department of agriculture shall administer the fund. Monies in the
11 fund are continuously appropriated. The Arizona department of agriculture
12 shall use monies in the fund for the agricultural consulting and training
13 program established by section 3-109.01. Balances remaining in the fund at
14 the end of a fiscal year do not revert to the state general fund.

15 Sec. 4. Title 5, chapter 1, article 1, Arizona Revised Statutes, is
16 amended by adding section 5-113.01, to read:

17 5-113.01. Racing regulation fund

18 THE RACING REGULATION FUND IS ESTABLISHED. ALL REVENUES DERIVED FROM
19 PERMITTEES, PERMITS AND LICENSES PURSUANT TO SECTION 5-104, SUBSECTION F AND
20 SECTION 5-230 SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, IN
21 THE RACING REGULATION FUND. THE DEPARTMENT SHALL ADMINISTER THE RACING
22 REGULATION FUND. MONIES IN THE RACING REGULATION FUND ARE SUBJECT TO
23 LEGISLATIVE APPROPRIATION TO THE DEPARTMENT TO BE USED BY THE DEPARTMENT TO
24 SUPPORT THE MISSION OF THE DEPARTMENT. THE RACING REGULATION FUND IS EXEMPT
25 FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

26 Sec. 5. Section 5-230, Arizona Revised Statutes, is amended to read:

27 5-230. License fees: expiration; renewal

28 A. The commission may establish and issue annual licenses AND MAY
29 ESTABLISH AND COLLECT FEES FOR THOSE LICENSES. ~~subject to the collection~~
30 ~~of advance fees by the department, provided that the fees do not exceed the~~
31 ~~following amounts:~~

32 ~~1. Promoters, two hundred dollars.~~

33 ~~2. Matchmakers, one hundred dollars.~~

34 ~~3. Managers, fifty dollars.~~

35 ~~4. Judges, referees, announcers and ringside physicians, twenty-five~~
36 ~~dollars.~~

37 ~~5. Timekeepers, boxers, boxers' trainers and boxers' seconds, ten~~
38 ~~dollars.~~

39 ~~6. For a corporation filing for a license to participate in the~~
40 ~~holding of any boxing contest, four hundred dollars.~~

41 ~~7. Officer, director or other person affiliated with a corporation,~~
42 ~~fifty dollars.~~

43 B. A license expires December 31 at midnight in the year of its
44 issuance and may be renewed on filing an application for renewal of a license
45 with the commission and payment of the license fee prescribed in

1 subsection A. The application for renewal of a license shall be on a form
2 provided by the commission. There is a thirty day grace period during which
3 a license may be renewed if a late filing penalty fee equal to the license
4 fee is submitted with the regular license fee. A licensee that files late
5 shall not conduct any activity regulated by this chapter until the commission
6 has renewed the license. If the licensee fails to apply to the commission
7 within the thirty day grace period the licensee must apply for a new license
8 pursuant to subsection A.

9 Sec. 6. Laws 2009, chapter 1, section 9 is amended to read:

10 Sec. 9. Appropriations; purpose

11 A. IF THE TRANSFER FROM THE ARIZONA PROPERTY AND CASUALTY INSURANCE
12 GUARANTY FUND TO THE STATE GENERAL FUND OCCURS PURSUANT TO LAWS 2009, FIRST
13 SPECIAL SESSION, CHAPTER 1, SECTION 4, AS AMENDED BY LAWS 2009, CHAPTER 1,
14 SECTION 3, the sum of \$4,659,666 is appropriated from the state general fund
15 to the Arizona property and casualty insurance guaranty fund established by
16 section 20-662, Arizona Revised Statutes, in each of fiscal years 2011-2012,
17 2012-2013 and 2013-2014.

18 B. IF THE TRANSFER FROM THE LIFE AND DISABILITY INSURANCE GUARANTY
19 FUND TO THE STATE GENERAL FUND OCCURS PURSUANT TO LAWS 2009, FIRST SPECIAL
20 SESSION, CHAPTER 1, SECTION 4, AS AMENDED BY LAWS 2009, CHAPTER 1, SECTION 3,
21 the sum of \$5,204,466 is appropriated from the state general fund to the life
22 and disability insurance guaranty fund established by section 20-683, Arizona
23 Revised Statutes, in each of fiscal years 2011-2012, 2012-2013 and 2013-2014.

24 C. It is the intent of the legislature to acknowledge that the
25 exclusive purpose of the two guaranty funds is to pay claims of policy
26 holders and claimants of insolvent insurers.

27 Sec. 7. Department of insurance; fee and assessment adjustment
28 suspension

29 Notwithstanding section 20-167, subsection F, Arizona Revised Statutes,
30 and section 20-466, subsection J, Arizona Revised Statutes, the director of
31 insurance shall not revise fees or assessments in fiscal year 2011-2012 for
32 the purpose of meeting the requirement to recover at least ninety-five per
33 cent but not more than one hundred ten per cent of the department of
34 insurance's appropriated budget.

35 Sec. 8. Registrar of contractors; residential contractors'
36 recovery fund; contracted services, equipment and
37 operational costs; fiscal year 2011-2012

38 Notwithstanding section 32-1134, subsection A, paragraph 5, Arizona
39 Revised Statutes, the registrar of contractors shall employ or contract with
40 individuals and procure equipment and operational support, to be paid from or
41 purchased with monies in the residential contractors' recovery fund, but not
42 to exceed in fiscal year 2011-2012 fourteen per cent of the total amount
43 deposited in the fund in fiscal year 2010-2011, as may be necessary to
44 monitor, process or oppose claims filed by injured persons that may result in
45 collection from the fund.

