



Bill Number: S.B. 1530

Biggs Floor Amendment

Reference to: printed bill

Amendment drafted by: Leg Council

## FLOOR AMENDMENT EXPLANATION

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- Specifies that provisional community college districts will be allocated revenue from the Workforce Development Fund directly rather than receive a portion of their contracting community college district's Workforce Development Fund revenue.
- Requires the Arizona Board of Regents to adopt a performance funding model by July 1, 2012 and requires the funding model to use certain performance metrics.
- Allows the performance funding model to give added weight to STEM degrees and other high value degrees in short supply or that are essential to Arizona's long term economic development strategy.
- Requires the Arizona Board of Regents to use the adopted performance funding model in developing and submitting budget requests.
- Requires a qualifying Indian tribe to enter into an initial compact with Arizona no later than September 1, 2012 in order to receive monies for the purpose of supporting certain community colleges on Indian reservations.

Amendment explanation prepared by Kody Kelleher

5/1/2012

BIGGS FLOOR AMENDMENT  
SENATE AMENDMENTS TO S.B. 1530  
(Reference to printed bill)

1 Page 1, between lines 20 and 21, insert:

2 "Sec. 2. Section 15-1472, Arizona Revised Statutes, is amended to  
3 read:

4 15-1472. Community college district workforce development  
5 accounts; reports

6 A. Each community college district shall establish a separate  
7 workforce development account to receive only tax revenues authorized  
8 pursuant to section 42-5029, subsection E, paragraph 3. Each community  
9 college district board shall approve the expenditure of these monies in  
10 accordance with section 15-1461 and consistent with subsection B of this  
11 section.

12 B. Monies received pursuant to subsection A of this section shall be  
13 expended for workforce development and job training purposes. These  
14 expenditures may include:

15 1. Partnerships with businesses and educational institutions.

16 2. Additional faculty for improved and expanded classroom instruction  
17 and course offerings.

18 3. Technology, equipment and technology infrastructure for advanced  
19 teaching and learning in classrooms or laboratories.

20 4. Student services such as assessment, advisement and counseling for  
21 new and expanded job opportunities.

22 5. The purchase, lease or lease-purchase of real property, for new  
23 construction, remodeling or repair of buildings or facilities on real  
24 property.

1           C. The state treasurer shall transfer monies under this section into  
2 each district's workforce development account by the fifteenth day of each  
3 month. The state treasurer shall also allocate and distribute any pooled  
4 interest earnings earned from revenues authorized in section 42-5029,  
5 subsection E, paragraph 3 to each district in accordance with the method  
6 prescribed in subsection D, paragraph 2 of this section.

7           D. Revenues authorized for community college districts in section  
8 42-5029, subsection E, paragraph 3 shall be distributed by the state in the  
9 following manner:

10           1. For thirteen fiscal years beginning in fiscal year 2001-2002 the  
11 state treasurer shall allocate one million dollars per fiscal year for the  
12 purpose of bringing this state into compliance with the matching capital  
13 requirements prescribed in section 15-1463. The state treasurer shall  
14 distribute the monies authorized in this subsection to each district in the  
15 order in which each campus qualified for funding pursuant to section 15-1463.

16           2. After the monies have been paid each year to the eligible districts  
17 pursuant to paragraph 1 of this subsection, the state treasurer shall  
18 distribute monies from the workforce development fund to each community  
19 college district in the following manner:

20           (a) Each district shall receive the sum of two hundred thousand  
21 dollars. THIS SUBDIVISION DOES NOT APPLY TO A PROVISIONAL COMMUNITY COLLEGE  
22 DISTRICT ESTABLISHED PURSUANT TO SECTION 15-1409.

23           (b) After each district has received the payments prescribed in  
24 subdivision (a) OF THIS PARAGRAPH, the remainder of monies in the fund shall  
25 be distributed to each district according to each district's full-time  
26 equivalent student enrollment percentage of the total statewide audited  
27 full-time equivalent student enrollment in the preceding fiscal year  
28 prescribed in section 15-1466.01. ~~For the purposes of this subdivision, the~~  
29 ~~full-time equivalent student enrollment of a provisional community college~~  
30 ~~district shall be added to the full-time equivalent student enrollment of the~~  
31 ~~community college district that contracts with the provisional community~~  
32 ~~college district pursuant to section 15-1409, subsection A, and that portion~~

1 ~~of the monies distributed under this subdivision to that community college~~  
2 ~~district shall be used to provide services to students enrolled in that~~  
3 ~~provisional community college district as approved by the provisional~~  
4 ~~community college district's governing board as part of the annual budget~~  
5 ~~process pursuant to section 15-1461.~~ The percentage distribution under this  
6 subdivision shall be adjusted annually on October 1 of each year. ~~For the~~  
7 ~~purposes of this subdivision, the following distribution procedures apply:~~

8 ~~(i) If a community college district established pursuant to section~~  
9 ~~15-1402.01 contracts with another community college district pursuant to~~  
10 ~~section 15-1402.01, subsection B, the full-time equivalent student enrollment~~  
11 ~~of that district shall be added to the full-time equivalent student~~  
12 ~~enrollment of the other community college district that contracts with that~~  
13 ~~district pursuant to section 15-1402.01, subsection B, and that portion of~~  
14 ~~the monies distributed under this subdivision to the other community college~~  
15 ~~district shall be used to provide services to students enrolled in the~~  
16 ~~community college district established pursuant to section 15-1402.01 as~~  
17 ~~approved by that district's governing board as part of the annual budget~~  
18 ~~process pursuant to section 15-1461.~~

19 ~~(ii) If a community college district established pursuant to section~~  
20 ~~15-1402.01 is no longer required to contract with another community college~~  
21 ~~district pursuant to section 15-1402.01, subsection B, that community college~~  
22 ~~district shall receive monies as provided in this subdivision according to~~  
23 ~~its full-time equivalent student enrollment.~~

24 E. Revenues received by community college districts shall not be used  
25 by the legislature to supplant or reduce any state aid authorized in this  
26 chapter or supplant any proceeds from the sale of bonds authorized in this  
27 article and article 5 of this chapter.

28 F. Monies received under this section shall not be considered to be  
29 local revenues for purposes of article IX, section 21, Constitution of  
30 Arizona.

31 G. Each community college district or community college that is owned,  
32 operated or chartered by a qualifying Indian tribe on its own Indian

1 reservation shall submit a report once every two years of its workforce  
2 development plan activities and the expenditures authorized in this section  
3 to the governor, president of the senate, speaker of the house of  
4 representatives, joint legislative budget committee and ~~department of~~  
5 ~~commerce~~ ARIZONA COMMERCE AUTHORITY by December 1 of every even-numbered  
6 year. The report shall include the purpose and goals for which the workforce  
7 development monies were expended by each district or community college  
8 together with a general accounting of the expenditures authorized in  
9 subsection B of this section. A copy of the final report shall also be  
10 provided to the secretary of state. For the purposes of this subsection,  
11 "qualifying Indian tribe" has the same meaning prescribed in section  
12 42-5031.01.

13 Sec. 3. Section 15-1626, Arizona Revised Statutes, is amended to read:

14 15-1626. General administrative powers and duties of board

15 A. The board shall:

16 1. Have and exercise the powers necessary for the effective governance  
17 and administration of the institutions under its control. To that end, the  
18 board may adopt, and authorize each university to adopt, such regulations,  
19 policies, rules or measures as are deemed necessary and may delegate in  
20 writing to its committees, to its university presidents, or their designees,  
21 or to other entities under its control, any part of its authority for the  
22 administration and governance of such institutions, including those powers  
23 enumerated in section 15-1625, subsection B, paragraphs 2 and 4, paragraphs  
24 3, 4, 8, 9, 11 and 12 of this subsection and subsection B of this section.  
25 Any delegation of authority may be rescinded by the board at any time in  
26 whole or in part.

27 2. Appoint and employ and determine the compensation of presidents  
28 with such power and authority and for such purposes in connection with the  
29 operation of the institutions as the board deems necessary.

30 3. Appoint and employ and determine the compensation of  
31 vice-presidents, deans, professors, instructors, lecturers, fellows and such  
32 other officers and employees with such power and authority and for such

1 purposes in connection with the operation of the institutions as the board  
2 deems necessary, or delegate its authority pursuant to paragraph 1 of this  
3 subsection.

4 4. Remove any officer or employee when the interests of education in  
5 this state so require in accordance with its personnel rules and policies.

6 5. Fix tuitions and fees to be charged and differentiate the tuitions  
7 and fees between institutions and between residents, nonresidents,  
8 undergraduate students, graduate students, students from foreign countries  
9 and students who have earned credit hours in excess of the credit hour  
10 threshold. For the purposes of this paragraph, the undergraduate credit hour  
11 threshold is one hundred forty-five hours for students who attend a  
12 university under the jurisdiction of the board. The undergraduate credit  
13 hour threshold shall be based on the actual full-time equivalent student  
14 enrollment counted on the forty-fifth day of every fall and spring semester,  
15 divided by two, and any budget adjustment based on student enrollment shall  
16 occur in the fiscal year following the actual full-time equivalent student  
17 enrollment count. The undergraduate credit hour threshold shall not apply to  
18 degree programs that require credit hours above the credit hour threshold,  
19 credits earned in the pursuit of up to two baccalaureate degrees, credits  
20 earned in the pursuit of up to two state regulated licensures or  
21 certificates, credits earned in the pursuit of teaching certification,  
22 credits transferred from a private institution of higher education, credits  
23 transferred from an institution of higher education in another state, credits  
24 earned at another institution of higher education but that are not accepted  
25 as transfer credits at the university where the student is currently enrolled  
26 and credits earned by students who enroll at a university under the  
27 jurisdiction of the board more than twenty-four months after the end of that  
28 student's previous enrollment at a public institution of higher education in  
29 this state. On or before October 15 of each year, the board shall report to  
30 the joint legislative budget committee the number of students who were  
31 enrolled at universities under the jurisdiction of the board during the  
32 previous fiscal year who met or exceeded the undergraduate credit hour

1 threshold prescribed in this paragraph. The amount of tuition, registration  
2 fees and other revenues included in the operating budget for the university  
3 adopted by the board as prescribed in paragraph 13 of this subsection shall  
4 be deposited, pursuant to sections 35-146 and 35-147. All other tuition and  
5 fee revenue shall be retained by each university for expenditure as approved  
6 by the board, except that the universities shall not use any tuition or fee  
7 revenue to fund or support an alumni association.

8 6. Except as provided in subsection I of this section, adopt rules to  
9 govern its tuition and fee setting process that provide for the following:

10 (a) At least one public hearing at each university as an opportunity  
11 for students and members of the public to comment on any proposed increase in  
12 tuition or fees.

13 (b) Publication of the notice of public hearing at least ten days  
14 prior to the hearing in a newspaper of general circulation in Maricopa  
15 county, Coconino county and Pima county. The notice shall include the date,  
16 time and location of the public hearing.

17 (c) Public disclosure by each university of any proposed increases in  
18 tuition or fees at least ten days prior to the public hearing.

19 (d) Final board action on changes in tuition or fees shall be taken by  
20 roll call vote.

21 The procedural requirements of subdivisions (a), (b), (c) and (d) of this  
22 paragraph apply only to those changes in tuition or fees that require board  
23 approval.

24 7. Pursuant to section 35-115, submit a budget request for each  
25 institution under its jurisdiction that includes the estimated tuition and  
26 fee revenue available to support the programs of the institution as described  
27 in the budget request. The estimated available tuition and fee revenue shall  
28 be based on the tuition and registration fee rates in effect at the time the  
29 budget request is submitted with adjustments for projected changes in  
30 enrollment as provided by the board.

1           8. Establish curriculums and designate courses at the several  
2 institutions that in its judgment will best serve the interests of this  
3 state.

4           9. Award such degrees and diplomas on the completion of such courses  
5 and curriculum requirements as it deems appropriate.

6           10. Prescribe qualifications for admission of all students to the  
7 universities. The board shall establish policies for guaranteed admission  
8 that assure fair and equitable access to students in this state from public,  
9 private and charter schools and homeschools. For the purpose of determining  
10 the qualifications of honorably discharged veterans, veterans are those  
11 persons who served in the armed forces for a minimum of two years and who  
12 were previously enrolled at a university or community college in this state.  
13 No prior failing grades received by the veteran at the university or  
14 community college in this state may be considered.

15           11. Adopt any energy conservation standards promulgated by the  
16 department of administration for the construction of new buildings.

17           12. Employ for such time and purposes as the board requires attorneys  
18 whose compensation shall be fixed and paid by the board. Litigation to which  
19 the board is a party and for which self-insurance is not provided may be  
20 compromised or settled at the direction of the board.

21           13. Adopt annually an operating budget for each university equal to the  
22 sum of appropriated general fund monies and the amount of tuition,  
23 registration fees and other revenues approved by the board and allocated to  
24 each university operating budget.

25           14. In consultation with the state board of education and other  
26 education groups, develop and implement a program to award honors  
27 endorsements to be affixed to the high school diplomas of qualifying high  
28 school pupils and to be included in the transcripts of pupils who are awarded  
29 endorsements. The board shall develop application procedures and testing  
30 criteria and adopt testing instruments and procedures to administer the  
31 program. In order to receive an honors endorsement, a pupil must demonstrate  
32 an extraordinary level of knowledge, skill and competency as measured by the



1 testing instruments adopted by the board in mathematics, English, science and  
2 social studies. Additional subjects may be added at the determination of the  
3 board. The program is voluntary for pupils.

4 15. Require the publisher of each literary and nonliterary textbook  
5 used in the universities of this state to furnish computer software in a  
6 standardized format when software becomes available for nonliterary textbooks  
7 to the Arizona board of regents from which braille versions of the textbooks  
8 may be produced.

9 16. Require universities that provide a degree in education to require  
10 courses that are necessary to obtain a provisional structured English  
11 immersion endorsement as prescribed by the state board of education.

12 17. Acquire United States flags for each classroom that are  
13 manufactured in the United States and that are at least two feet by three  
14 feet and hardware to appropriately display the United States flags, acquire a  
15 legible copy of the Constitution of the United States and the Bill of Rights,  
16 display the flags in each classroom in accordance with title 4 of the United  
17 States Code and display a legible copy of the Constitution of the United  
18 States and the Bill of Rights adjacent to the flag.

19 18. To facilitate the transfer of military personnel and their  
20 dependents to and from the public schools of this state, pursue, in  
21 cooperation with the state board of education, reciprocity agreements with  
22 other states concerning the transfer credits for military personnel and their  
23 dependents. A reciprocity agreement entered into pursuant to this paragraph  
24 shall:

25 (a) Address procedures for each of the following:

26 (i) The transfer of student records.

27 (ii) Awarding credit for completed course work.

28 (iii) Permitting a student to satisfy the graduation requirements  
29 prescribed in section 15-701.01 through the successful performance on  
30 comparable exit-level assessment instruments administered in another state.

31 (b) Include appropriate criteria developed by the state board of  
32 education and the Arizona board of regents.

1           19. Require a university to publicly post notices of all of its  
2 employment openings, including the title and description, instructions for  
3 applying and relevant contact information.

4           20. In consultation with the community college districts in this state,  
5 develop and implement common equivalencies for specific levels of achievement  
6 on advanced placement examinations and international baccalaureate  
7 examinations in order to award commensurate postsecondary academic credits at  
8 community colleges and public universities in this state.

9           21. On or before August 1 of each year, report to the joint legislative  
10 budget committee the graduation rate by university campus during the previous  
11 fiscal year. The board shall also report the retention rate by university  
12 campus and by class, as determined by date of entry during the previous  
13 fiscal year.

14           B. The board shall adopt personnel rules. All nonacademic employees  
15 of the universities are subject to these rules except for university  
16 presidents, university vice-presidents, university deans, legal counsel and  
17 administrative officers. The personnel rules shall be similar to the  
18 personnel rules under section 41-783. The rules shall include provisions for  
19 listing available positions with the department of economic security,  
20 competitive employment processes for applicants, probationary status for new  
21 nonacademic employees, nonprobationary status on successful completion of  
22 probation and due process protections of nonprobationary employees after  
23 discharge. The board shall provide notice of proposed rule adoption and an  
24 opportunity for public comment on all personnel rules proposed for adoption.

25           C. In conjunction with the auditor general, the board shall develop a  
26 uniform accounting and reporting system, which shall be reviewed by the joint  
27 legislative budget committee before final adoption by the board. The board  
28 shall require each university to comply with the uniform accounting and  
29 reporting system.

30           D. The board may employ legal assistance in procuring loans for the  
31 institutions from the United States government. Fees or compensation paid

1 for such legal assistance shall not be a claim on the general fund of this  
2 state but shall be paid from funds of the institutions.

3 E. The board shall approve or disapprove any contract or agreement  
4 entered into by the university of Arizona hospital with the Arizona health  
5 facilities authority.

6 F. The board may adopt policies that authorize the institutions under  
7 its jurisdiction to enter into employment contracts with nontenured employees  
8 for periods of more than one year but not more than five years. The policies  
9 shall prescribe limitations on the authority of the institutions to enter  
10 into employment contracts for periods of more than one year but not more than  
11 five years, including the requirement that the board approve the contracts.

12 G. The board may adopt a plan or plans for employee benefits that  
13 allow for participation in a cafeteria plan that meets the requirements of  
14 the United States internal revenue code of 1986.

15 H. The board may establish a program for the exchange of students  
16 between the universities under the jurisdiction of the board and colleges and  
17 universities located in the state of Sonora, Mexico. Notwithstanding  
18 subsection A, paragraph 5 of this section, the program may provide for  
19 in-state tuition at the universities under the jurisdiction of the board for  
20 fifty Sonoran students in exchange for similar tuition provisions for up to  
21 fifty Arizona students enrolled or seeking enrollment in Sonoran colleges or  
22 universities. The board may direct the universities to work in conjunction  
23 with the Arizona-Mexico commission to coordinate recruitment and admissions  
24 activities.

25 I. Subsection A, paragraph 6, subdivisions (a), (b), (c) and (d) of  
26 this section do not apply to fee increases that are set by individual  
27 universities and that do not require approval by the Arizona board of regents  
28 before the fee increase becomes effective.

29 J. ON OR BEFORE JULY 1, 2012, THE ARIZONA BOARD OF REGENTS, IN  
30 COLLABORATION WITH THE UNIVERSITIES UNDER ITS JURISDICTION, SHALL ADOPT A  
31 PERFORMANCE FUNDING MODEL. THE PERFORMANCE FUNDING MODEL SHALL USE  
32 PERFORMANCE METRICS THAT INCLUDE THE INCREASE IN DEGREES AWARDED, THE

1 INCREASE IN COMPLETED STUDENT CREDIT HOURS AND THE INCREASE IN EXTERNALLY  
2 GENERATED RESEARCH AND PUBLIC SERVICE FUNDING. THE FUNDING FORMULA MAY GIVE  
3 ADDED WEIGHT TO DEGREES RELATED TO SCIENCE, TECHNOLOGY, ENGINEERING AND  
4 MATHEMATICS AND OTHER HIGH-VALUE DEGREES THAT ARE IN SHORT SUPPLY OR THAT ARE  
5 ESSENTIAL TO THIS STATE'S LONG-TERM ECONOMIC DEVELOPMENT STRATEGY.

6 K. THE ARIZONA BOARD OF REGENTS SHALL USE THE PERFORMANCE FUNDING  
7 MODEL ADOPTED PURSUANT TO SUBSECTION J OF THIS SECTION IN DEVELOPING AND  
8 SUBMITTING BUDGET REQUESTS FOR THE UNIVERSITIES UNDER ITS JURISDICTION."

9 Renumber to conform

10 Page 1, between lines 31 and 32, insert:

11 "Sec. 5. Section 42-5029, Arizona Revised Statutes, is amended to  
12 read:

13 42-5029. Remission and distribution of monies; definition

14 A. The department shall deposit, pursuant to sections 35-146 and  
15 35-147, all revenues collected under this article and articles 4, 5 and 8 of  
16 this chapter pursuant to section 42-1116, separately accounting for:

17 1. Payments of estimated tax under section 42-5014, subsection D.

18 2. Revenues collected pursuant to section 42-5070.

19 3. Revenues collected under this article and article 5 of this chapter  
20 from and after June 30, 2000 from sources located on Indian reservations in  
21 this state.

22 4. Revenues collected pursuant to section 42-5010, subsection G and  
23 section 42-5155, subsection D.

24 B. The department shall credit payments of estimated tax to an  
25 estimated tax clearing account and each month shall transfer all monies in  
26 the estimated tax clearing account to a fund designated as the transaction  
27 privilege and severance tax clearing account. The department shall credit  
28 all other payments to the transaction privilege and severance tax clearing  
29 account, separately accounting for the monies designated as distribution base  
30 under sections 42-5010, 42-5164, 42-5205 and 42-5353. Each month the  
31 department shall report to the state treasurer the amount of monies collected  
32 pursuant to this article and articles 4, 5 and 8 of this chapter.

1           C. On notification by the department, the state treasurer shall  
2 distribute the monies deposited in the transaction privilege and severance  
3 tax clearing account in the manner prescribed by this section and by sections  
4 42-5164, 42-5205 and 42-5353, after deducting warrants drawn against the  
5 account pursuant to sections 42-1118 and 42-1254.

6           D. Of the monies designated as distribution base the department shall:

7           1. Pay twenty-five per cent to the various incorporated municipalities  
8 in this state in proportion to their population to be used by the  
9 municipalities for any municipal purpose.

10           2. Pay 38.08 per cent to the counties in this state by averaging the  
11 following proportions:

12           (a) The proportion that the population of each county bears to the  
13 total state population.

14           (b) The proportion that the distribution base monies collected during  
15 the calendar month in each county under this article, section 42-5164,  
16 subsection B, section 42-5205, subsection B and section 42-5353 bear to the  
17 total distribution base monies collected under this article, section 42-5164,  
18 subsection B, section 42-5205, subsection B and section 42-5353 throughout  
19 the state for the calendar month.

20           3. Pay an additional 2.43 per cent to the counties in this state as  
21 follows:

22           (a) Average the following proportions:

23           (i) The proportion that the assessed valuation used to determine  
24 secondary property taxes of each county, after deducting that part of the  
25 assessed valuation that is exempt from taxation at the beginning of the month  
26 for which the amount is to be paid, bears to the total assessed valuations  
27 used to determine secondary property taxes of all the counties after  
28 deducting that portion of the assessed valuations that is exempt from  
29 taxation at the beginning of the month for which the amount is to be paid.  
30 Property of a city or town that is not within or contiguous to the municipal  
31 corporate boundaries and from which water is or may be withdrawn or diverted  
32 and transported for use on other property is considered to be taxable

1 property in the county for purposes of determining assessed valuation in the  
2 county under this item.

3 (ii) The proportion that the distribution base monies collected during  
4 the calendar month in each county under this article, section 42-5164,  
5 subsection B, section 42-5205, subsection B and section 42-5353 bear to the  
6 total distribution base monies collected under this article, section 42-5164,  
7 subsection B, section 42-5205, subsection B and section 42-5353 throughout  
8 the state for the calendar month.

9 (b) If the proportion computed under subdivision (a) of this paragraph  
10 for any county is greater than the proportion computed under paragraph 2 of  
11 this subsection, the department shall compute the difference between the  
12 amount distributed to that county under paragraph 2 of this subsection and  
13 the amount that would have been distributed under paragraph 2 of this  
14 subsection using the proportion computed under subdivision (a) of this  
15 paragraph and shall pay that difference to the county from the amount  
16 available for distribution under this paragraph. Any monies remaining after  
17 all payments under this subdivision shall be distributed among the counties  
18 according to the proportions computed under paragraph 2 of this subsection.

19 4. After any distributions required by sections 42-5030, 42-5030.01,  
20 42-5031, 42-5032 and 42-5032.01, and after making any transfer to the water  
21 quality assurance revolving fund as required by section 49-282, subsection B,  
22 credit the remainder of the monies designated as distribution base to the  
23 state general fund. From this amount:

24 (a) The legislature shall annually appropriate to:

25 (i) The department of revenue sufficient monies to administer and  
26 enforce this article and articles 5 and 8 of this chapter.

27 (ii) The department of economic security monies to be used for the  
28 purposes stated in title 46, chapter 1.

29 (iii) The firearms safety and ranges fund established by section  
30 17-273, fifty thousand dollars derived from the taxes collected from the  
31 retail classification pursuant to section 42-5061 for the current fiscal  
32 year.

1           (b) Subject to separate initial legislative authorization, each year  
2 the state treasurer shall transfer to the tourism fund an amount equal to the  
3 sum of the following:

4           (i) Three and one-half per cent of the gross revenues derived from the  
5 transient lodging classification pursuant to section 42-5070 during the  
6 preceding fiscal year.

7           (ii) Three per cent of the gross revenues derived from the amusement  
8 classification pursuant to section 42-5073 during the preceding fiscal year.

9           (iii) Two per cent of the gross revenues derived from the restaurant  
10 classification pursuant to section 42-5074 during the preceding fiscal year.

11           E. If approved by the qualified electors voting at a statewide general  
12 election, all monies collected pursuant to section 42-5010, subsection G and  
13 section 42-5155, subsection D shall be distributed each fiscal year pursuant  
14 to this subsection. The monies distributed pursuant to this subsection are  
15 in addition to any other appropriation, transfer or other allocation of  
16 public or private monies from any other source and shall not supplant,  
17 replace or cause a reduction in other school district, charter school,  
18 university or community college funding sources. The monies shall be  
19 distributed as follows:

20           1. If there are outstanding state school facilities revenue bonds  
21 pursuant to title 15, chapter 16, article 7, each month one-twelfth of the  
22 amount that is necessary to pay the fiscal year's debt service on outstanding  
23 state school improvement revenue bonds for the current fiscal year shall be  
24 transferred each month to the school improvement revenue bond debt service  
25 fund established by section 15-2084. The total amount of bonds for which  
26 these monies may be allocated for the payment of debt service shall not  
27 exceed a principal amount of eight hundred million dollars exclusive of  
28 refunding bonds and other refinancing obligations.

29           2. After any transfer of monies pursuant to paragraph 1 of this  
30 subsection, twelve per cent of the remaining monies collected during the  
31 preceding month shall be transferred to the technology and research  
32 initiative fund established by section 15-1648 to be distributed among the

1 universities for the purpose of investment in technology and research-based  
2 initiatives.

3 3. After the transfer of monies pursuant to paragraph 1 of this  
4 subsection, three per cent of the remaining monies collected during the  
5 preceding month shall be transferred to the workforce development account  
6 established in each community college district pursuant to section 15-1472  
7 for the purpose of investment in workforce development programs.

8 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
9 subsection, one-twelfth of the amount a community college that is owned,  
10 operated or chartered by a qualifying Indian tribe on its own Indian  
11 reservation would receive pursuant to section 15-1472, subsection D,  
12 paragraph 2 if it were a community college district shall be distributed each  
13 month to the treasurer or other designated depository of a qualifying Indian  
14 tribe. Monies distributed pursuant to this paragraph are for the exclusive  
15 purpose of providing support to one or more community colleges owned,  
16 operated or chartered by a qualifying Indian tribe and shall be used in a  
17 manner consistent with section 15-1472, subsection B. For the purposes of  
18 this paragraph, "qualifying Indian tribe" has the same meaning as defined in  
19 section 42-5031.01, subsection D.

20 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
21 subsection, one-twelfth of the following amounts shall be transferred each  
22 month to the department of education for the increased cost of basic state  
23 aid under section 15-971 due to added school days and associated teacher  
24 salary increases enacted in 2000:

25 (a) In fiscal year 2001-2002, \$15,305,900.

26 (b) In fiscal year 2002-2003, \$31,530,100.

27 (c) In fiscal year 2003-2004, \$48,727,700.

28 (d) In fiscal year 2004-2005, \$66,957,200.

29 (e) In fiscal year 2005-2006 and each fiscal year thereafter,  
30 \$86,280,500.

31 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
32 subsection, seven million eight hundred thousand dollars is appropriated each



1 fiscal year, to be paid in monthly installments, to the department of  
2 education to be used for school safety as provided in section 15-154 and two  
3 hundred thousand dollars is appropriated each fiscal year, to be paid in  
4 monthly installments to the department of education to be used for the  
5 character education matching grant program as provided in section 15-154.01.

6 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
7 subsection, no more than seven million dollars may be appropriated by the  
8 legislature each fiscal year to the department of education to be used for  
9 accountability purposes as described in section 15-241 and title 15, chapter  
10 9, article 8.

11 8. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
12 subsection, one million five hundred thousand dollars is appropriated each  
13 fiscal year, to be paid in monthly installments, to the failing schools  
14 tutoring fund established by section 15-241.

15 9. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
16 subsection, twenty-five million dollars shall be transferred each fiscal year  
17 to the state general fund to reimburse the general fund for the cost of the  
18 income tax credit allowed by section 43-1072.01.

19 10. After the payment of monies pursuant to paragraphs 1 through 9 of  
20 this subsection, the remaining monies collected during the preceding month  
21 shall be transferred to the classroom site fund established by section  
22 15-977. The monies shall be allocated as follows in the manner prescribed by  
23 section 15-977:

24 (a) Forty per cent shall be allocated for teacher compensation based  
25 on performance.

26 (b) Twenty per cent shall be allocated for increases in teacher base  
27 compensation and employee related expenses.

28 (c) Forty per cent shall be allocated for maintenance and operation  
29 purposes.

30 F. The department shall credit the remainder of the monies in the  
31 transaction privilege and severance tax clearing account to the state general  
32 fund, subject to any distribution required by section 42-5030.01.

1           G. Notwithstanding subsection D of this section, if a court of  
2 competent jurisdiction finally determines that tax monies distributed under  
3 this section were illegally collected under this article or articles 5 and 8  
4 of this chapter and orders the monies to be refunded to the taxpayer, the  
5 department shall compute the amount of such monies that was distributed to  
6 each city, town and county under this section. The department shall notify  
7 the state treasurer of that amount plus the proportionate share of additional  
8 allocated costs required to be paid to the taxpayer. Each city's, town's and  
9 county's proportionate share of the costs shall be based on the amount of the  
10 original tax payment each municipality and county received. Each month the  
11 state treasurer shall reduce the amount otherwise distributable to the city,  
12 town and county under this section by one thirty-sixth of the total amount to  
13 be recovered from the city, town or county until the total amount has been  
14 recovered, but the monthly reduction for any city, town or county shall not  
15 exceed ten per cent of the full monthly distribution to that entity. The  
16 reduction shall begin for the first calendar month after the final  
17 disposition of the case and shall continue until the total amount, including  
18 interest and costs, has been recovered.

19           H. On receiving a certificate of default from the greater Arizona  
20 development authority pursuant to section 41-2257 or 41-2258 and to the  
21 extent not otherwise expressly prohibited by law, the state treasurer shall  
22 withhold from the next succeeding distribution of monies pursuant to this  
23 section due to the defaulting political subdivision the amount specified in  
24 the certificate of default and immediately deposit the amount withheld in the  
25 greater Arizona development authority revolving fund. The state treasurer  
26 shall continue to withhold and deposit the monies until the greater Arizona  
27 development authority certifies to the state treasurer that the default has  
28 been cured. In no event may the state treasurer withhold any amount that the  
29 defaulting political subdivision certifies to the state treasurer and the  
30 authority as being necessary to make any required deposits then due for the  
31 payment of principal and interest on bonds of the political subdivision that

1           were issued before the date of the loan repayment agreement or bonds and that  
2           have been secured by a pledge of distributions made pursuant to this section.

3           I. Except as provided by sections 42-5033 and 42-5033.01, the  
4           population of a county, city or town as determined by the most recent United  
5           States decennial census plus any revisions to the decennial census certified  
6           by the United States bureau of the census shall be used as the basis for  
7           apportioning monies pursuant to subsection D of this section.

8           J. Except as otherwise provided by this subsection, on notice from the  
9           department of revenue pursuant to section 42-6010, subsection B, the state  
10          treasurer shall withhold from the distribution of monies pursuant to this  
11          section to the affected city or town the amount of the penalty for business  
12          location municipal tax incentives provided by the city or town to a business  
13          entity that locates a retail business facility in the city or town. The  
14          state treasurer shall continue to withhold monies pursuant to this subsection  
15          until the entire amount of the penalty has been withheld. The state  
16          treasurer shall credit any monies withheld pursuant to this subsection to the  
17          state general fund as provided by subsection D, paragraph 4 of this section.  
18          The state treasurer shall not withhold any amount that the city or town  
19          certifies to the department of revenue and the state treasurer as being  
20          necessary to make any required deposits or payments for debt service on bonds  
21          or other long-term obligations of the city or town that were issued or  
22          incurred before the location incentives provided by the city or town.

23          K. On notice from the auditor general pursuant to section 9-626,  
24          subsection D, the state treasurer shall withhold from the distribution of  
25          monies pursuant to this section to the affected city the amount computed  
26          pursuant to section 9-626, subsection D. The state treasurer shall continue  
27          to withhold monies pursuant to this subsection until the entire amount  
28          specified in the notice has been withheld. The state treasurer shall credit  
29          any monies withheld pursuant to this subsection to the state general fund as  
30          provided by subsection D, paragraph 4 of this section.

31          L. For the purposes of this section, "community college district"  
32          means a community college district that is established pursuant to sections

1 15-1402 and 15-1403 and that is a political subdivision of this state and,  
2 ~~subject to the distribution procedures specified in section 15-1472,~~  
3 ~~subsection D, paragraph 2, subdivision (b),~~ UNLESS OTHERWISE SPECIFIED,  
4 includes a community college district established pursuant to section  
5 15-1402.01 and, ~~subject to the distribution procedures specified in section~~  
6 ~~15-1472, subsection D, paragraph 2, subdivision (b), includes~~ a provisional  
7 community college district established pursuant to section 15-1409.

8 Sec. 6. Section 42-5031.01, Arizona Revised Statutes, is amended to  
9 read:

10 42-5031.01. Distribution of revenues for Indian tribal  
11 postsecondary educational institutions:  
12 definition

13 A. Subject to subsection C of this section, each month the state  
14 treasurer shall transmit to the treasurer or other designated depository of  
15 each qualifying Indian tribe the amount of transaction privilege tax revenues  
16 received pursuant to this article in the preceding month from all sources  
17 located on the Indian reservation established for the qualifying Indian tribe  
18 as determined pursuant to section 42-5029, subsection A, paragraph 3.

19 B. The monies distributed pursuant to this section are for the  
20 exclusive purpose of supporting the maintenance, renewal and capital expenses  
21 of one or more community colleges in this state that are owned, operated or  
22 chartered by each qualifying Indian tribe on its own Indian reservation.  
23 Before receiving any monies under this section, a qualifying Indian tribe  
24 shall enter into ~~a~~ AN INITIAL compact with this state ON OR BEFORE SEPTEMBER  
25 1, 2012, signed by the governor, to account for the use of monies distributed  
26 pursuant to this section. The compact shall:

27 1. Be for a term of at least ten years. After a hearing and review of  
28 the compact by the joint legislative budget committee held during the last  
29 year of the compact's term, a compact may be renewed for an additional term  
30 of up to ten years.

31 2. Require the monies to be used primarily for capital needs including  
32 maintenance and renewal of existing facilities at designated community

1 college campuses on the qualifying Indian tribe's own reservation in this  
2 state.

3 3. Provide for audits by the auditor general of the use of the  
4 monies. The auditor general shall submit copies of each audit to the joint  
5 legislative budget committee.

6 4. If necessary, provide for reimbursement to the department of  
7 revenue of costs associated with implementing this section, not to exceed one  
8 hundred fifty thousand dollars, from revenues that would otherwise be paid to  
9 the qualifying Indian tribe pursuant to this section.

10 C. Notwithstanding subsection A of this section, the state treasurer  
11 shall not transmit in any fiscal year more than one million seven hundred  
12 fifty thousand dollars or more than one-tenth of transaction privilege tax  
13 revenues received pursuant to this article from all sources located on the  
14 reservation, whichever is less.

15 D. For the purposes of this section, "qualifying Indian tribe" means  
16 an Indian tribe that owns, operates and charters any community college or  
17 postsecondary educational institution located on its own reservation in this  
18 state."

19 Renumber to conform

20 Amend title to conform

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