

REFERENCE TITLE: state budget procedures; 2012-2013

State of Arizona  
House of Representatives  
Fiftieth Legislature  
Second Regular Session  
2012

## HB 2854

Introduced by  
Representative Kavanagh (with permission of Committee on Rules)

AN ACT

AMENDING SECTION 41-791, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2011, CHAPTER 27, SECTION 29; AMENDING SECTION 41-791, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2011, CHAPTER 27, SECTION 29 AND CHAPTER 157, SECTION 17; AMENDING SECTION 41-792.01, ARIZONA REVISED STATUTES; REPEALING LAWS 2011, CHAPTER 26, SECTION 13; RELATING TO STATE BUDGET PROCEDURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 41-791, Arizona Revised Statutes, as amended by  
3 Laws 2011, chapter 27, section 29, is amended to read:  
4 41-791. Powers and duties relating to public buildings  
5 maintenance; compensation of personnel  
6 A. The department is responsible for the direction and control of  
7 public buildings maintenance as prescribed in this article.  
8 B. The department is responsible for the allocation of space,  
9 operation, alteration, renovation and security of the following buildings:  
10 1. The state capitol executive tower of the state capitol building.  
11 2. The state office buildings in Tucson.  
12 3. THE STATE OFFICE BUILDINGS LOCATED AT:  
13 (a) 519 EAST BEALE STREET IN KINGMAN.  
14 (b) 2910 NORTH 44TH STREET IN PHOENIX.  
15 (c) 417 WEST ROOSEVELT STREET IN PHOENIX.  
16 (d) 9535 EAST DOUBLETREE RANCH ROAD IN SCOTTSDALE.  
17 (e) 9545 EAST DOUBLETREE RANCH ROAD IN SCOTTSDALE.  
18 ~~3-~~ 4. All other buildings owned or leased by the state and located  
19 near the state capitol building and the state office buildings in Tucson,  
20 except for:  
21 (a) Buildings occupied, operated and maintained by the following state  
22 agencies:  
23 (i) The department of transportation.  
24 (ii) The Arizona power authority.  
25 (iii) The state compensation fund.  
26 (b) The state capitol museum, the legislative services wing and the  
27 house of representatives and senate wings of the state capitol building.  
28 (c) The department of economic security facilities purchased with  
29 federal funding assistance and exclusively and continuously operated and  
30 maintained for its own occupancy.  
31 (d) The Arizona courts building.  
32 C. The department is responsible for the maintenance of the following  
33 buildings and grounds:  
34 1. The entire state capitol building and the grounds adjacent to it.  
35 2. The state office buildings in Tucson and the grounds adjacent to  
36 them.  
37 3. Other buildings and grounds owned or leased by the state if the  
38 function is not otherwise assigned, except for the interior of the Arizona  
39 courts building.  
40 D. The director may establish rules for the operation, maintenance and  
41 security of buildings and grounds under the director's jurisdiction.  
42 E. The department shall:  
43 1. Employ engineers and maintenance and operations personnel as  
44 required, including a buildings manager for the state office buildings in  
45 Tucson.

1           2. Determine the hours of duty and assignment of personnel.

2           F. All personnel employed under this article are eligible to receive  
3 compensation as determined under section 38-611.

4           Sec. 2. Section 41-791, Arizona Revised Statutes, as amended by Laws  
5 2011, chapter 27, section 29 and chapter 157, section 17, is amended to read:  
6 41-791. Powers and duties relating to public buildings  
7 maintenance; compensation of personnel

8           A. The department is responsible for the direction and control of  
9 public buildings maintenance as prescribed in this article.

10           B. The department is responsible for the allocation of space,  
11 operation, alteration, renovation and security of the following buildings:

12           1. The state capitol executive tower of the state capitol building.

13           2. The state office buildings in Tucson.

14           3. THE STATE OFFICE BUILDINGS LOCATED AT:

15           (a) 519 EAST BEALE STREET IN KINGMAN.

16           (b) 2910 NORTH 44TH STREET IN PHOENIX.

17           (c) 417 WEST ROOSEVELT STREET IN PHOENIX.

18           (d) 9535 EAST DOUBLETREE RANCH ROAD IN SCOTTSDALE.

19           (e) 9545 EAST DOUBLETREE RANCH ROAD IN SCOTTSDALE.

20           ~~3-~~ 4. All other buildings owned or leased by the state and located  
21 near the state capitol building and the state office buildings in Tucson,  
22 except for:

23           (a) Buildings occupied, operated and maintained by the following state  
24 agencies:

25           (i) The department of transportation.

26           (ii) The Arizona power authority.

27           (b) The state capitol museum, the legislative services wing and the  
28 house of representatives and senate wings of the state capitol building.

29           (c) The department of economic security facilities purchased with  
30 federal funding assistance and exclusively and continuously operated and  
31 maintained for its own occupancy.

32           (d) The Arizona courts building.

33           C. The department is responsible for the maintenance of the following  
34 buildings and grounds:

35           1. The entire state capitol building and the grounds adjacent to it.

36           2. The state office buildings in Tucson and the grounds adjacent to  
37 them.

38           3. Other buildings and grounds owned or leased by the state if the  
39 function is not otherwise assigned, except for the interior of the Arizona  
40 courts building.

41           D. The director may establish rules for the operation, maintenance and  
42 security of buildings and grounds under the director's jurisdiction.

1 E. The department shall:

2 1. Employ engineers and maintenance and operations personnel as  
3 required, including a buildings manager for the state office buildings in  
4 Tucson.

5 2. Determine the hours of duty and assignment of personnel.

6 F. All personnel employed under this article are eligible to receive  
7 compensation as determined under section 38-611.

8 Sec. 3. Section 41-792.01, Arizona Revised Statutes, is amended to  
9 read:

10 41-792.01. Capital outlay stabilization fund; authorization for  
11 collection of rental; basis of payment;  
12 distribution of monies collected; transfer of  
13 payment; lease-purchase building operating and  
14 maintenance fund; definition

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

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

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

28 D. The rental rates authorized for agencies occupying state-owned  
29 buildings shall be determined by the joint committee on capital review after  
30 recommendation by the director before July 1 of each even-numbered year. The  
31 rental is payable whether the state department or state agency is funded in  
32 whole or in part by state monies. The department of administration shall  
33 transfer the entire amount of the rental fee assessed on a state agency from  
34 the agency account into the capital outlay stabilization fund promptly at the  
35 start of each fiscal year. During the remainder of the fiscal year, the  
36 department of administration shall calculate pro rata adjustments to the  
37 rental fee on a monthly basis to reflect any changes in the occupancy of  
38 state-owned buildings. The department of administration shall transfer the  
39 amount of the rental fee adjustment assessed on a state agency from the  
40 agency account into the capital outlay stabilization fund. The rental fee  
41 authorized for state agencies occupying state-owned buildings is the greater  
42 of the amount included in each agency's annual operating budget as reported  
43 by the staff of the joint legislative budget committee or the pro rata  
44 adjusted amount based on actual occupancy. The director of the department of  
45 administration may authorize an exemption for periods of one year or more at

1 a time for a state agency from the full payment account transfer requirements  
 2 of this subsection if the agency can demonstrate a practice of making full  
 3 payment of rent on a different basis necessitated by its cash flow. If a  
 4 state agency does not have the financial resources for state-owned space, or  
 5 does not occupy or vacates state-owned space after the beginning of the  
 6 fiscal year, the director of the department of administration, on  
 7 recommendation of the joint committee on capital review, may authorize a  
 8 whole or partial exemption from payment of the rental fee.

9 E. The rental authorized for state agencies occupying state leased  
 10 buildings shall be the greater of the amount included in each agency's annual  
 11 operating budget as reported by the staff of the joint legislative budget  
 12 committee or the pro rata adjusted amount based on actual occupancy. The  
 13 rental amount shall include the amount necessary to pay the lease or  
 14 lease-purchase obligation and may include the amount necessary to pay  
 15 operating costs associated with the lease-purchase buildings. The rental is  
 16 payable whether the state department or state agency is funded in whole or in  
 17 part by state monies. At the start of each fiscal year, the department of  
 18 administration shall transfer the entire amount of the rental fee assessed on  
 19 a state agency from the agency account into the department of  
 20 administration's funds established for the purposes of this subsection. The  
 21 department shall transfer from the applicable state agency budgets to the  
 22 lease-purchase building operating and maintenance fund established in  
 23 subsection I of this section amounts necessary to pay all operating costs  
 24 associated with a lease-purchase building in the amounts reported by the  
 25 staff of the joint legislative budget committee. During the remainder of the  
 26 fiscal year, the department of administration shall calculate pro rata  
 27 adjustments to the rental fee on a monthly basis to reflect any changes in  
 28 the occupancy of state leased buildings. The director of the department of  
 29 administration may authorize an exemption for a state agency from the full  
 30 payment account transfer requirements of this subsection for one year periods  
 31 or longer periods if the agency can demonstrate a practice of making full  
 32 payment of rent on a different basis necessitated by its cash flow. If a  
 33 state agency does not have the financial resources for state leased space, or  
 34 does not occupy or vacates state leased space after the beginning of the  
 35 fiscal year, the director of the department of administration, on  
 36 recommendation of the joint committee on capital review, may authorize a  
 37 whole or partial exemption from payment of the rental fee.

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

42 G. State universities, community colleges and the department of  
 43 transportation are exempt from the provisions of this section, except when  
 44 these state agencies are using space under the jurisdiction of the department  
 45 of administration.

1 H. The department shall not begin to charge rental or tenant  
2 improvement labor costs as prescribed in subsection D, E or F of this section  
3 until July 1, 2012 for any buildings operated by the secretary of state  
4 primarily for the purpose of storing, managing or preserving a large amount  
5 of public records or archival material.

6 I. The lease-purchase building operating and maintenance fund is  
7 established consisting of monies transferred into it in accordance with  
8 subsection E of this section. All monies in the fund are exempt from the  
9 provisions of section 35-190 relating to lapsing of appropriations. Monies  
10 in the fund are subject to legislative appropriation.

11 J. FOR THE PURPOSES OF THIS SECTION, BUILDINGS LEASED BY THIS STATE  
12 THROUGH THE SALE AND LEASE-BACK DEFICIT FINANCING MECHANISM ARE CONSIDERED  
13 STATE-OWNED BUILDINGS.

14 ~~J.~~ K. For the purposes of this section, "state department" or "state  
15 agency" means any department or agency of the executive or judicial branch of  
16 state government.

17 Sec. 4. Repeal; retroactivity

18 A. Laws 2011, chapter 26, section 13 is repealed.

19 B. This section is effective retroactively to from and after June 28,  
20 2012.

21 Sec. 5. Unrestricted federal monies

22 Any unrestricted federal monies received by this state from July 1,  
23 2012 through June 30, 2013 shall be deposited in the state general fund. The  
24 monies shall be used for the payment of essential governmental services.

25 Sec. 6. Rental rates; state-owned buildings; fiscal year  
26 2012-2013; intent

27 Notwithstanding section 41-792.01, subsection D, Arizona Revised  
28 Statutes, as amended by this act, the capital outlay stabilization fund  
29 rental rates for state-owned buildings in fiscal year 2012-2013 shall  
30 decrease from \$15.08 per square foot for office space to \$13.82 per square  
31 foot and from \$5.47 per square foot for storage space to \$5.01 per square  
32 foot. It is the intent of the legislature that the square footage  
33 calculations be based on the methodology currently used by the department of  
34 administration.

35 Sec. 7. Annual budgets

36 Notwithstanding section 35-121, Arizona Revised Statutes, for fiscal  
37 year 2012-2013, appropriations for all budget units may be limited to one  
38 fiscal year.

39 Sec. 8. Effective date

40 Section 41-791, Arizona Revised Statutes, as amended by Laws 2011,  
41 chapter 27, section 29 and chapter 157, section 17 and this act, is effective  
42 from and after December 31, 2012.