

State of Arizona  
Senate  
Fiftieth Legislature  
Second Regular Session  
2012

# SENATE BILL 1525

## 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; AMENDING SECTIONS 41-1272 AND 41-1304.05, 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 **AND**  
28 **THE BUILDING LOCATED AT 1716 W. ADAMS IN PHOENIX.**

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. 2. Section 41-791, Arizona Revised Statutes, as amended by Laws  
9 2011, chapter 27, section 29 and chapter 157, section 17, is amended to read:

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11 maintenance; compensation of personnel

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13 public buildings maintenance as prescribed in this article.

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32 house of representatives and senate wings of the state capitol building ~~AND~~  
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5 required, including a buildings manager for the state office buildings in  
6 Tucson.

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

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

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

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

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

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

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

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

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

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

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

1 G. State universities, community colleges and the department of  
2 transportation are exempt from the provisions of this section, except when  
3 these state agencies are using space under the jurisdiction of the department  
4 of administration.

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

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

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

18 ~~J.~~ K. For the purposes of this section, "state department" or "state  
19 agency" means any department or agency of the executive or judicial branch of  
20 state government.

21 Sec. 4. Section 41-1272, Arizona Revised Statutes, is amended to read:  
22 41-1272. Powers and duties; finances

23 A. The joint legislative budget committee shall:

24 1. Ascertain facts and make recommendations to the legislature  
25 relating to the state budget, revenues and expenditures of the state, future  
26 fiscal needs, the organization and functions of state agencies or their  
27 divisions and such other matters incident to the above functions as may be  
28 provided for by rules of the joint legislative budget committee.

29 2. Implement a system of fiscal notes to apply to those bills  
30 introduced in the legislature that have a fiscal impact. These fiscal notes  
31 shall also reflect the fiscal impact of legislation on cities, counties and  
32 all other political subdivisions of the state.

33 3. Implement a system of fiscal notes for any rule as defined by  
34 section 41-1001 which has a fiscal impact.

35 4. Analyze the state tax structure, tax burdens on individuals and  
36 businesses and tax incentives for existing and prospective businesses. The  
37 analyses shall include:

38 (a) Projection of the impact of industry specific tax incentive  
39 proposals on the state revenue base.

40 (b) Comparison among states of relative tax burdens on existing and  
41 prospective businesses.

42 (c) Determination of reliance and incidence aspects of the tax  
43 structure of this state.

1           5. Implement a system of fiscal analysis that applies to those bills  
2 introduced in the legislature that involve one or more proposed changes in  
3 the tax laws. Unless it is unreasonable to do so, the fiscal analysis shall  
4 be based on assumptions that estimate the probable behavioral response of  
5 taxpayers, businesses and other citizens and shall include within the  
6 analysis a statement identifying those assumptions.

7           6. Adopt rules.

8           B. The joint legislative budget committee may:

9           1. Make studies, conduct inquiries and investigations and hold  
10 hearings.

11           2. Meet and conduct its business any place within the state during the  
12 sessions of the legislature or any recess of the legislature and in the  
13 period when the legislature is not in session.

14           3. Establish subcommittees from the membership of the legislature and  
15 assign to such subcommittee any study, inquiry, investigation or hearing with  
16 the right to call witnesses which the joint legislative budget committee has  
17 authority to undertake.

18           C. THE JOINT LEGISLATIVE BUDGET COMMITTEE MAY OBTAIN OPERATIONAL AND  
19 MAINTENANCE ASSISTANCE FOR ANY FACILITY UNDER THE CONTROL OF THE COMMITTEE  
20 WITHOUT CHARGE FROM THE DEPARTMENT OF ADMINISTRATION, MAY OBTAIN SECURITY  
21 ASSISTANCE FROM THE DEPARTMENT OF PUBLIC SAFETY, MAY EMPLOY PERSONNEL TO  
22 DISCHARGE OPERATIONAL, MAINTENANCE AND SECURITY FUNCTIONS OR MAY CONTRACT FOR  
23 OUTSIDE SERVICES PAYABLE FROM JOINT LEGISLATIVE BUDGET COMMITTEE  
24 APPROPRIATIONS.

25           ~~C.~~ D. The joint legislative budget committee shall have the powers  
26 conferred by law upon legislative committees.

27           ~~D.~~ E. Members of the joint legislative budget committee shall be  
28 reimbursed by their respective houses in the same manner as is provided by  
29 law for a member of the legislature who attends a duly called meeting of a  
30 standing committee.

31           Sec. 5. Section 41-1304.05, Arizona Revised Statutes, is amended to  
32 read:

33           41-1304.05. State capitol building areas and other facilities;  
34 jurisdiction; maintenance; definition

35           A. The legislative council is responsible for the allocation of space,  
36 operation, alteration, renovation and control of the following:

37           1. The original 1898 statehouse area of the state capitol building  
38 known as the state capitol museum.

39           2. The 1919 wing and the 1938 justice addition of the state capitol  
40 building known jointly as the legislative services wing.

41           3. Any other facility acquired for legislative use and placed under  
42 legislative council jurisdiction and the grounds adjacent to it.

43           4. Except as provided in subsections B and C of this section, the  
44 grounds adjacent to the state capitol museum, the legislative services wing,  
45 the house of representatives wing and the senate wing and comprising the area

1 east of the state capitol executive tower with a northern boundary of west  
2 Adams street, an eastern boundary of Seventeenth avenue and a southern  
3 boundary of west Jefferson street in Phoenix, Arizona.

4 B. The speaker of the state house of representatives is responsible  
5 for the following:

6 1. The allocation of space, operation, alteration, renovation and  
7 control of the house of representatives wing of the state capitol building.

8 2. The allocation of space and control of the parking lot area  
9 adjacent to the house of representatives wing, the parking lot area with a  
10 southern boundary of west Adams street, an eastern boundary of Seventeenth  
11 avenue and a northern boundary of west Monroe street in Phoenix, Arizona and  
12 comprised of one hundred five parking spaces and the southeast portion of the  
13 parking lot area with a southern boundary of west Monroe street and an  
14 eastern boundary of Seventeenth avenue in Phoenix, Arizona and comprised of  
15 fifty parking spaces.

16 C. The president of the state senate is responsible for the following:

17 1. The allocation of space, operation, alteration, renovation and  
18 control of the senate wing of the state capitol building.

19 2. The allocation of space and control of the parking lot area  
20 adjacent to the senate wing and the southwest portion of the parking lot area  
21 of the Wesley Bolin memorial plaza east of the state capitol building and  
22 comprised of one hundred twenty parking spaces.

23 D. THE JOINT LEGISLATIVE BUDGET COMMITTEE IS RESPONSIBLE FOR THE  
24 ALLOCATION OF SPACE, OPERATION, ALTERATION, RENOVATION AND CONTROL OF THE  
25 BUILDING LOCATED AT 1716 W. ADAMS IN PHOENIX.

26 ~~D.~~ E. The director of the department of administration is responsible  
27 for the maintenance of the entire state capitol building.

28 ~~E.~~ F. For the purposes of this section, "control" includes security  
29 services.

30 Sec. 6. Repeal; retroactivity

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

32 B. This section is effective retroactively to from and after June 28,  
33 2012.

34 Sec. 7. Unrestricted federal monies

35 Any unrestricted federal monies received by this state from July 1,  
36 2012 through June 30, 2013 shall be deposited in the state general fund. The  
37 monies shall be used for the payment of essential governmental services.

38 Sec. 8. Rental rates; state-owned buildings; fiscal year  
39 2012-2013; intent

40 Notwithstanding section 41-792.01, subsection D, Arizona Revised  
41 Statutes, as amended by this act:

42 1. The capital outlay stabilization fund rental rates for state-owned  
43 buildings in fiscal year 2012-2013 shall decrease from \$15.08 per square foot  
44 for office space to \$13.82 per square foot and from \$5.47 per square foot for  
45 storage space to \$5.01 per square foot. It is the intent of the legislature

1 that the square footage calculations be based on the methodology currently  
2 used by the department of administration.

3 2. The rental rate charged for state agencies occupying state-owned  
4 buildings shall be the amount included in each state agency's fiscal year  
5 2012-2013 annual operating budget as reported by the joint legislative budget  
6 committee staff.

7 3. It is the intent of the legislature that the rental rates be  
8 converted from usable square feet to rentable square feet in fiscal year  
9 2013-2014 only if there is no state general fund impact.

10 Sec. 9. State agencies; five-year strategic plan; exemptions

11 A. Notwithstanding section 35-122, Arizona Revised Statutes, except as  
12 provided in subsection B of this section, all state agency budget units shall  
13 submit a five-year strategic plan to the governor along with the budget  
14 estimates required by section 35-113, Arizona Revised Statutes, for fiscal  
15 year 2013-2014. The director of the governor's office of strategic planning  
16 and budgeting may determine the required contents of the five-year strategic  
17 plan.

18 B. The requirements of subsection A of this section do not apply to  
19 the house of representatives, the senate, any budget unit that reports to the  
20 legislature or the judiciary.

21 Sec. 10. Annual budgets

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

25 Sec. 11. Effective date

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