

REFERENCE TITLE: 2013-2014; budget procedures

State of Arizona
Senate
Fifty-first Legislature
First Special Session
2013

SB 1004

Introduced by
Senator Pierce

AN ACT

AMENDING SECTIONS 35-122, 41-714, 41-750 AND 41-792.01, ARIZONA REVISED STATUTES; REPEALING SECTION 41-1275, ARIZONA REVISED STATUTES; AMENDING SECTION 41-3506, ARIZONA REVISED STATUTES; 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 35-122, Arizona Revised Statutes, is amended to
3 read:

4 35-122. Strategic plans; program lists; compilation

5 A. Consistent with instructions issued by the governor, the
6 administrative head of each budget unit is responsible for developing a list
7 of programs for the budget unit. For THE purposes of this section, a program
8 may include a subprogram as determined by the governor's office of strategic
9 planning and budgeting and the staff of the joint legislative budget
10 committee. In consultation with the staff of the joint legislative budget
11 committee, the governor's office of strategic planning and budgeting may
12 modify the list of programs submitted by each budget unit.

13 B. Consistent with instructions issued by the governor, the
14 administrative head of each ~~annual~~ EXECUTIVE BRANCH budget unit is
15 responsible for~~:-~~

16 ~~1-~~ developing a five-year strategic plan for the ~~entire~~ budget
17 unit. The strategic plan shall be updated annually ~~as necessary~~. The plan
18 shall contain strategic issues, a mission statement, a description, ~~goals,~~
19 strategies and resource assumptions. The resource assumptions shall include
20 the number of full-time equivalent positions and budgetary data, including
21 all funding sources categorized by general fund, other appropriated funds,
22 nonappropriated funds and federal funds that are required to support the
23 strategic plan. The agency shall also provide an executive summary of the
24 strategic plan. The executive summary shall not exceed five pages in length.
25 The strategic plan, including the executive summary, shall be posted on the
26 agency's official internet ~~web site~~ WEBSITE and submitted to the governor's
27 office of strategic planning and budgeting and to the staff of the joint
28 legislative budget committee ~~by ON OR BEFORE~~ January 1 of each year. ~~The~~
29 ~~senate appropriations committee and the house of representatives~~
30 ~~appropriations committee shall review the strategic plans annually.~~

31 C. CONSISTENT WITH INSTRUCTIONS ISSUED BY THE GOVERNOR, THE
32 ADMINISTRATIVE HEAD OF EACH BUDGET UNIT IS RESPONSIBLE FOR:

33 ~~2-~~ 1. Developing an operating plan for each program identified in
34 subsection A ~~OF THIS SECTION~~. The plan shall use the format required in
35 subsection ~~E- D OF THIS SECTION~~ and be submitted to the governor's office of
36 strategic planning and budgeting ~~by ON OR BEFORE~~ September 1 of each year.
37 Each year annual budget units shall submit performance measures and budgetary
38 data for the prior, current and ensuing fiscal year.

39 ~~3-~~ 2. Developing a mission statement, a description and strategic
40 issues for the entire budget unit as part of the operating plan to be
41 submitted to the governor's office of strategic planning and budgeting ~~by ON~~
42 ~~OR BEFORE~~ September 1 of each year. The mission statement, description and
43 strategic issues shall be submitted at the same time to the staff of the
44 joint legislative budget committee.

1 ~~C. Consistent with instructions issued by the governor, the~~
2 ~~administrative head of each biennial budget unit is responsible for:~~

3 ~~1. Developing an operating plan for each program identified in~~
4 ~~subsection A. The plan shall use the format required in subsection E and be~~
5 ~~submitted to the governor's office of strategic planning and budgeting by~~
6 ~~September 1 of each year. In even numbered years, biennial budget units~~
7 ~~shall submit performance measures and budgetary data for the prior, current~~
8 ~~and two ensuing fiscal years. In odd numbered years, biennial budget units~~
9 ~~shall submit performance measures and budgetary data for the prior, current~~
10 ~~and one ensuing fiscal year.~~

11 ~~2. Developing a mission statement, a description and strategic issues~~
12 ~~for the entire budget unit as part of the operating plan to be submitted to~~
13 ~~the governor's office of strategic planning and budgeting by September 1 of~~
14 ~~each year. The mission statement, description and strategic issues shall be~~
15 ~~submitted at the same time to the staff of the joint legislative budget~~
16 ~~committee.~~

17 ~~D. Pursuant to subsection A, biennial budget units that have one~~
18 ~~program are responsible for the plan requirements of the program and the~~
19 ~~budget unit.~~

20 ~~E.~~ D. The operating plan shall include a mission statement, a
21 description, goals, performance measures that emphasize results and budgetary
22 data. The budgetary data shall include funding amounts, regardless of
23 source.

24 ~~F.~~ E. The governor's office of strategic planning and budgeting shall
25 compile the submissions required in subsection ~~B- C~~, paragraphs ~~2- 1~~ and ~~3- 2~~
26 **OF THIS SECTION**, ~~and subsection C~~ and no later than five days after the
27 regular session of the legislature convenes of each even-numbered year shall
28 publish a master list of programs that are performed or overseen by state
29 government. The master list shall include the program description, agency
30 description, mission statement, strategic issues, goals, performance measures
31 and budgetary data. ~~The list shall include all programs that are~~
32 ~~administered jointly by two or more budget units.~~

33 Sec. 2. Section 41-714, Arizona Revised Statutes, is amended to read:

34 41-714. Automation projects fund; purpose; exemption; joint
35 legislative budget committee review

36 A. The automation projects fund is established consisting of monies
37 appropriated by the legislature. The department of administration shall
38 administer the fund. Monies in the fund are ~~continuously appropriated~~
39 **SUBJECT TO LEGISLATIVE APPROPRIATION**. Monies in the fund are exempt from the
40 provisions of section 35-190 relating to lapsing of appropriations.

41 B. Monies in the fund shall be used to implement, upgrade or maintain
42 automation and information technology projects for any state agency.

43 C. Before the expenditure of any monies from the fund, the joint
44 legislative budget committee shall review the expenditure plan presented by
45 the department for the fiscal year in which the monies are to be spent.

1 Sec. 3. Section 41-750, Arizona Revised Statutes, is amended to read:
2 41-750. Contribution of pro rata share for personnel division
3 fund

4 A. All state agencies shall contribute a pro rata share of the overall
5 cost of personnel administration services provided by the department. The
6 pro rata share shall be payable by payroll fund source, and the resultant
7 amount shall be deposited, pursuant to sections 35-146 and 35-147, in a
8 personnel division fund for appropriation by the legislature for the state
9 personnel board and the personnel division of the department. The pro rata
10 share shall be ~~1.10~~ 0.86 per cent of the total payroll of the state agency.
11 Of the ~~1.10~~ 0.86 per cent pro rata share, 0.03 per cent of total payroll
12 shall be deposited in a separate subaccount of the personnel division fund
13 for use by the state personnel board and shall be subject to legislative
14 appropriation. Total payroll shall include all fund sources, including the
15 state general fund, federal monies, special revenue funds, intergovernmental
16 revenue monies, trust funds and other payroll fund sources.

17 B. A claim for the pro rata share percentage payment shall be
18 submitted according to the fund source, with the accompanying payroll to the
19 department for deposit in the personnel division fund.

20 C. Notwithstanding section 35-190, only monies in excess of five
21 hundred thousand dollars revert to the state general fund at the end of each
22 fiscal year. The state comptroller shall pay any monies determined to be
23 owed to the federal government from the personnel division fund before
24 calculating the reversion.

25 D. Monies contributed based on the personnel services for individuals
26 employed by the Arizona state retirement system and monies contributed based
27 on the personnel services for individuals employed by the public safety
28 personnel retirement system as the pro rata share shall not revert to the
29 state general fund and shall be separately accounted for and reverted to the
30 Arizona state retirement system, the public safety personnel retirement
31 system, the elected officials retirement plan or the corrections officer
32 retirement plan, as applicable.

33 Sec. 4. Section 41-792.01, Arizona Revised Statutes, is amended to
34 read:

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

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

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

4 C. Each state department and each state agency when using space under
5 the jurisdiction of the department as prescribed in section 41-791 or when
6 using space in a building leased to the state shall pay rental and tenant
7 improvement labor costs as prescribed in subsection D, E or F of this
8 section, EXCEPT THAT THE DEPARTMENT SHALL NOT ASSESS A RENTAL FEE ON A STATE
9 AGENCY IF THE DEPARTMENT IS NOT RESPONSIBLE FOR THE OPERATION, ALTERATION,
10 RENOVATION AND SECURITY OF THE BUILDING AND GROUNDS OCCUPIED BY THE AGENCY.

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

37 E. The rental authorized for state agencies occupying state leased
38 buildings shall be the greater of the amount included in each agency's annual
39 operating budget as reported by the staff of the joint legislative budget
40 committee or the pro rata adjusted amount based on actual occupancy. The
41 rental amount shall include the amount necessary to pay the lease or
42 lease-purchase obligation and may include the amount necessary to pay
43 operating costs associated with the lease-purchase buildings. The rental is
44 payable whether the state department or state agency is funded in whole or in
45 part by state monies. At the start of each fiscal year, the department of

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

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

25 G. State universities, community colleges and the department of
26 transportation are exempt from ~~the provisions of~~ this section, except when
27 these state agencies are using space under the jurisdiction of the department
28 of administration.

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

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

39 J. For the purposes of this section, buildings leased by this state
40 through the sale and lease-back deficit financing mechanism are considered
41 state-owned buildings.

42 K. For the purposes of this section, "state department" or "state
43 agency" means any department or agency of the executive or judicial branch of
44 state government.

1 Sec. 5. Repeal
2 Section 41-1275, Arizona Revised Statutes, is repealed.
3 Sec. 6. Section 41-3506, Arizona Revised Statutes, is amended to read:
4 41-3506. State web portal fund; exemption
5 A. The state web portal fund is established and is subject to
6 legislative appropriation. The department shall administer the fund. The
7 state web portal fund shall consist of:
8 1. Monies appropriated to the fund by the legislature.
9 2. Any web portal usage fees collected BY THIS STATE OR under any
10 agreement between this state and an independent contractor providing services
11 for the common web portal ~~less the contractor's price of maintaining and~~
12 ~~operating the web portal.~~
13 3. Monies received from private grants or donations if designated for
14 the fund by the grantor or donor.
15 4. Monies received from the federal government by grant or otherwise
16 to assist this state in providing any common web portal projects.
17 B. Monies in the state web portal fund may be used for improving or
18 expanding this state's information technology services and projects,
19 including the common web portal.
20 C. If ~~the~~ THIS state chooses to use an independent contractor to
21 provide services for the state web portal, the selection of the independent
22 contractor may be made using a competitive bid process.
23 D. Monies in the state web portal fund are exempt from the provisions
24 of section 35-190 relating to lapsing of appropriations.
25 Sec. 7. Unrestricted federal monies
26 Any unrestricted federal monies received by this state from July 1,
27 2013 through June 30, 2014 shall be deposited in the state general fund. The
28 monies shall be used for the payment of essential governmental services.
29 Sec. 8. Rental rates; state-owned buildings; fiscal year
30 2013-2014; intent
31 Notwithstanding section 41-792.01, subsection D, Arizona Revised
32 Statutes, the capital outlay stabilization fund rental rates for state-owned
33 buildings in fiscal year 2013-2014 shall decrease from \$13.82 per square foot
34 for office space to \$13.08 per square foot and from \$5.01 per square foot for
35 storage space to \$4.74 per square foot. It is the intent of the legislature
36 that the square footage calculations be based on the rentable space
37 methodology used by the department of administration.
38 Sec. 9. Annual budgets
39 Notwithstanding section 35-121, Arizona Revised Statutes, for fiscal
40 year 2013-2014, appropriations for all budget units may be limited to one
41 fiscal year.

