

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature – First Regular Session

**COMMITTEE ON APPROPRIATIONS**

Report of Special Meeting  
Thursday, March 5, 2015

House Hearing Room 1 -- Upon Rec. or Adj. of Floor and Adj. of GHE

**Convened** 5:29 p.m.  
**Recessed** 8:23 p.m.  
**Reconvened** 8:56 p.m.  
**Adjourned** 12:01 a.m.

**Members Present**

Mr. Allen J  
Mr. Bowers  
Mr. Cardenas  
Mr. Clark  
Mr. Gray  
Ms. Mach  
Mr. Meyer  
Mr. Petersen  
Mr. Rivero  
Mr. Sherwood  
Mrs. Ugenti  
Mr. Leach, Vice-Chairman  
Mr. Olson, Chairman

**Members Absent**

Mr. Stevens

**Request to Speak**

Report – Attachment 1

**Presentations**

**Name**

None

**Organization**

**Attachments (Handouts)**

**Committee Action**

**Bill**

**Action**

**Vote**

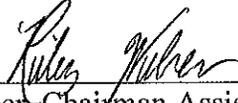
**Attachments**

(Summaries,

Amendments, Roll Call)

HB2671	DP	7-5-0-2	2, 3
HB2672	DP	7-5-0-2	4, 5
HB2673	DP	8-5-0-1	6, 7
HB2674	DP	8-5-0-1	8, 9
HB2675	DP	8-5-0-1	10, 11
HB2676	DP	8-5-0-1	12, 13
HB2677	DP	8-5-0-1	14, 15
HB2679	DP	8-5-0-1	16, 17
HB2680	DP	8-5-0-1	18, 19

HB2681	DP	8-5-0-1	20, 21
HB2682	DP	7-5-0-2	22, 23
HB2683	DP	8-4-0-2	24, 25
HCR2038	DP	8-5-0-1	26, 27



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Riley Weber, Chairman Assistant  
March 5, 2015

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

# Information Registered on the Request to Speak System

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## *House Appropriations (3/5/2015)*

### **HB2674, budget procedures; 2015-2016**

#### **Support:**

Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Scot Mussi, Arizona Free Enterprise Club

#### **Oppose:**

Karen McClelland, representing self; Joan Serviss, Executive Director, AZ COALITION TO END HOMELESSNESS; Rebekah Friend, Arizona AFL-CIO; Donna Kruck, Arizona Bridge To Independent Living; Jeremy Arp, NATIONAL ASSOCIATION OF SOCIAL WORKERS, ARIZONA CHAPTER

#### **All Comments:**

Karen McClelland, Self: The whole process from announcement to vote is TOO SHORT FOR CITIZEN INPUT. A vote should not be scheduled until next week so we can read the bills and the legislators can read the bills and make an informed decision with citizen input.; Donna Kruck, Arizona Bridge To Independent Living: Please advocate to slow down this budget process until there is time for the community and full legislative body to study this proposal.

### **HB2675, government; budget reconciliation; 2015-2016**

#### **Testified in support:**

Jack Harper, Harper Rentals, LLC, Self

#### **Testified as opposed:**

Jen Marson, AZ ASSOCIATION OF COUNTIES

#### **Support:**

Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Scot Mussi, Arizona Free Enterprise Club

#### **Oppose:**

Karen McClelland, representing self; Rebekah Friend, Arizona AFL-CIO; Donna Kruck, Arizona Bridge To Independent Living; Edward Maney, representing self; Jeremy Arp, NATIONAL ASSOCIATION OF SOCIAL WORKERS, ARIZONA CHAPTER

#### **All Comments:**

Karen McClelland, Self: The whole process from announcement to vote is TOO SHORT FOR CITIZEN INPUT. A vote should not be scheduled until next week so we can read the bills and the legislators can read the bills and make an informed decision with citizen input.; Donna Kruck, Arizona Bridge To Independent Living: Please slow down this budget process until there is time for the community and full legislative body to study this proposal.; Edward

Maney, Self: The Governor and Legislative leaders need to slow down and give the citizens and all legislators time to read this legislation. It appears as though those in support of this budget want it passed before anyone else knows what has happened. SHAME.; Jack Harper, Harper Rentals, LLC, Self: Need a BRB provision.

## **HB2676, environment; budget reconciliation; 2015-2016**

### **Support:**

Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH

### **Oppose:**

Karen McClelland, representing self; Rebekah Friend, Arizona AFL-CIO; Sandy Bahr, Sierra Club - Grand Canyon Chapter

### **All Comments:**

Karen McClelland, Self: The whole process from announcement to vote is TOO SHORT FOR CITIZEN INPUT. A vote should not be scheduled until next week so we can read the bills and the legislators can read the bills and make an informed decision with citizen input.

## **HB2677, health; budget reconciliation; 2015-2016**

### **Support:**

Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Scot Mussi, Arizona Free Enterprise Club

### **Oppose:**

Pete Wertheim, Other; Karen McClelland, representing self; Joseph Abate, FRESNIUS MEDICAL CARE NORTH AMERICA; Deb Gullett, Arizona Association Of Health Plans; Joan Serviss, Executive Director, AZ COALITION TO END HOMELESSNESS; Robert Klassen, representing self; Shirley Gunther, DIGNITY HEALTH; Richard Bitner, Arizona College Of Emergency Physicians; Barbara Fanning, Arizona Hospital And Healthcare Association; Russell Smoldon, PHOENIX CHILDREN'S HOSPITAL; Steve Barclay, Arizona Medical Association; Rebekah Friend, Arizona AFL-CIO; Donna Kruck, Arizona Bridge To Independent Living; Meghaen Dell'Artino, ARROWHEAD MOBILE HEALTHCARE; Jacob Schmitt, representing self; Dianne McCallister, RURAL/METRO CORP; Emily Jenkins, Arizona Council Of Human Service Providers; Marcus Dell'Artino, AZ AMBULANCE ASSN; Bahney Dedolph, representing self; Shirley Gunther, DIGNITY HEALTH; Jeremy Arp, NATIONAL ASSOCIATION OF SOCIAL WORKERS, ARIZONA CHAPTER

### **All Comments:**

Pete Wertheim, Other: AZ Osteopathic Medical Association strongly opposes the 5% reduction to provider reimbursement. We urge you to reconsider the 3% originally proposed. The difference is substantial and generates minimal savings compared to the overall lost revenue.; Karen McClelland, Self: The whole process from announcement to vote is TOO SHORT FOR CITIZEN INPUT. A vote should not be scheduled until next week so we can read the bills and the legislators can read the bills and make an informed decision with citizen input.; Joseph Abate, FRESNIUS MEDICAL CARE NORTH AMERICA: oppose 5% AHCCCS provider cuts; Deb Gullett, Arizona Association Of Health Plans: Respectfully, the health plans must maintain an adequate network of providers and we are concerned the proposed increase in the provider rate reduction, from 3% to 5%, will be problematic in

terms of network adequacy and access to care.; shirley gunther, DIGNITY HEALTH: Dignity opposes the 5% provider rate cut.; Richard Bitner, Arizona College Of Emergency Physicians: 5% provider cut means less access to primary care, more hospital emergency visits and higher costs offsetting some of illusory general fund savings. Also means loss of millions of federal matching funds, negatively impacting economic recovery of AZ.; Barbara Fanning, Arizona Hospital And Healthcare Association: AzHHA respectfully opposes the 5% provider rate cut and asks the Legislature to amend the cut to match the Gov. Ducey proposed 3% cut with a July 1 or later implementation date.; Russell Smoldon, PHOENIX CHILDREN'S HOSPITAL: 5% cut plus reduction to Dispro could result in a \$10 million hit to Phoenix Children's Hospital. PCH has 60% uncompensated care, all patients at PCH are kids so cost sharing between kids and adults is not possible. Flexibility in funding is crucial; Steve Barclay, Arizona Medical Association: ArMA is concerned that another provider rate cut of 5% for AHCCCS may cause a significant number of health care providers to simply stop treating AHCCCS patients, because they cannot afford to provide those services at below costs.; Donna Kruck, Arizona Bridge To Independent Living: Please advocate to slow down this budget process until there is time for the community and full legislative body to study this proposal. The 5% provider rate cut will severely impact ALTCS members ability to recruit direct care givers.; Meghaen Dell'Artino, ARROWHEAD MOBILE HEALTHCARE: Cut to the ambulance rate severely hurts rural Arizona; Jacob Schmitt, Self: 3% provider rate cuts were going to be a challenge. 5% cuts will severely impact service provision - particularly in rural parts of the state where locating and maintaining providers is difficult.; Dianne McCallister, RURAL/METRO CORP: Opposed to Section 3 that cuts the ambulance reimbursement rate. This cut is permanent when other provider rate cuts are in session law and permissive. We are also being cut a larger amount than the other providers!; shirley gunther, DIGNITY HEALTH: Dignity Health opposes the 5% rate cut to AHCCCS providers. Dignity supports the Governor's proposal of 3% rate cut.

## **HB2679, higher education; budget reconciliation; 2015-2016**

### **Support:**

Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Scot Mussi, Arizona Free Enterprise Club

### **Oppose:**

Tanya Bergstein, representing self; Jennifer Loreda, Arizona Education Association; Karen McClelland, representing self; Patrice Kennedy, representing self; Jen Darland, representing self; Henry Hasebe, representing self; Brenda Bartels, representing self; Robert Klassen, representing self; Linda Somo, representing self; Cassidy Possehl, representing self; Brian Salerno, representing self; Evan Rock, representing self; Susan Ashcraft, representing self; Audrey Elms, representing self; Claudia Nunez, representing self; Rebekah Friend, Arizona AFL-CIO; Donna Kruck, Arizona Bridge To Independent Living; Jessica Rainbow, Arizona Community College Coordinating Council; Kristen Boillini, Arizona Community College Association; Jeremy Arp, NATIONAL ASSOCIATION OF SOCIAL WORKERS, ARIZONA CHAPTER

### **All Comments:**

Tanya Bergstein, Self: I am disgusted by the cutting all funding to community colleges and cutting our state colleges so severely. My son, who is college bound, despite his autism, depends on the kind of special programs created by state funding.; Karen McClelland, Self: How can state move forward w/out quality higher ed. The whole

process from announcement to vote is TOO SHORT FOR CITIZEN INPUT. A vote should not be scheduled until next week so we can read the bills and the legislators can read the bills and make; Patrice Kennedy, Self: I am a voter, a school board member & constituent. Vote NO on this budget. We need to fully fund all levels of higher education. Do not force higher tuition onto our young citizens. Students are not special interests. This is a bad budget.; Henry Hasebe, Self: We should not be pitting K-12 budget with higher education budget. If we do not fully fund our education commitments, our students will not have the skills to operate on our bodies, fix our cars, or mix our meds. #47 in US is dismal, it's 3rd world.; Brenda Bartels, Self: This is NOT how you invest in the future of Arizona. This is however, how you create an elitist society! I want a state that understands that the more educated the citizens, the better the economy for the state!; Linda Somo, Self: As a Master's graduate of ASU, the parent of graduates, and the grandparent of graduates, I am adamantly opposed to the proposed funding cuts to our state universities. Cutting state funding will mean that families, like ours, must pay more. Vote NO.; Cassidy Possehl, Self: Student Body President - ASU; Susan Ashcraft, Self: The budget negotiations are moving too fast to be thoroughly investigated and thoughtfully decided. Higher education is too important an issue to receive so little consideration. Please allow time for experts to be part of the solution.; Donna Kruck, Arizona Bridge To Independent Living: Please advocate to slow down this budget process until there is time for the community and full legislative body to study this proposal.

## **HB2673, revenue; budget reconciliation; 2015-2016**

### **Support:**

Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Scot Mussi, Arizona Free Enterprise Club; Farrell Quinlan, State Director, NATIONAL FEDERATION OF INDEPENDENT BUSINESS

### **Oppose:**

Karen McClelland, representing self; Steven Poe, representing self; Joe Wright, representing self; Julianne Hartzell, representing self; Rebekah Friend, Arizona AFL-CIO; Donna Kruck, Arizona Bridge To Independent Living; Ken Strobeck, LEAGUE OF ARIZONA CITIES & TOWNS; Jeremy Arp, NATIONAL ASSOCIATION OF SOCIAL WORKERS, ARIZONA CHAPTER

### **All Comments:**

Karen McClelland, Self: The whole process from announcement to vote is TOO SHORT FOR CITIZEN INPUT. A vote should not be scheduled until next week so we can read the bills and the legislators can read the bills and make an informed decision with citizen input.; Steven Poe, Self: AZ revenue problems should never be carried on the backs of education, cities, and our state child safety agency. This budget does EXACTLY that. AZ citizens deserve better than this.; Joe Wright, Self: Please vote against any attempts to decrease District Additional Assistance. This funding is critical to the success of our students and schools.; Julianne Hartzell, Self: As a concerned voter, former educator, and parent of former graduates I am concerned! One size does not fit all! What happened to local control. YOU don't like being told what to do, now you are telling districts!! Adequately fund all schools.; Farrell Quinlan, NATIONAL FEDERATION OF INDEPENDENT BUSINESS: Repeal of the unemployment tax surcharge has been a goal of the NFIB for over a decade. This budget ends this tax that disproportionately burdens Arizona's small businesses.; Donna Kruck, Arizona Bridge To Independent Living: Please advocate to slow down this budget process until there is time for the community and full legislative body to study this proposal.; Ken Strobeck, LEAGUE OF ARIZONA CITIES & TOWNS: We agreed to provide partial funding for DOR, but we have serious problems with the mechanism in Section 7. It is critical to have an MOU that sets out clear performance standards and establishes parameters for the duration of the payment.

## **HB2680, criminal justice; budget reconciliation; 2015-2016**

### **Support:**

Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH

### **Oppose:**

Karen McClelland, representing self; Donna Hamm, Executive Director, Middle Ground - Registered Lobbyist; Donna Kruck, Arizona Bridge To Independent Living; Bahney Dedolph, representing self; Jeremy Arp, NATIONAL ASSOCIATION OF SOCIAL WORKERS, ARIZONA CHAPTER

### **All Comments:**

Karen McClelland, Self: The whole process from announcement to vote is TOO SHORT FOR CITIZEN INPUT. A vote should not be scheduled until next week so we can read the bills and the legislators can read the bills and make an informed decision with citizen input.; Donna Hamm, Middle Ground - Registered Lobbyist: Education; not incarceration. Spend our tax dollars on productive activity; not on more prison beds.; Donna Kruck, Arizona Bridge To Independent Living: Please advocate to slow down this budget process until there is time for the community and full legislative body to study this proposal.

## **HB2681, human services; budget reconciliation; 2015-2016**

### **Oppose:**

Dana Wolfe Naimark, CHILDREN'S ACTION ALLIANCE; Sam Richard, PROTECTING ARIZONA'S FAMILY COALITION; Shannon Rich, AZ COALITION TO END SEXUAL AND DOMESTIC VIOLENCE; Karen McClelland, representing self; Joan Serviss, Executive Director, AZ COALITION TO END HOMELESSNESS; Meagan MacCleary, representing self; ellen katz, William E. Morris Institute For Justice; Donna Kruck, Arizona Bridge To Independent Living; Emily Jenkins, Arizona Council Of Human Service Providers; Bahney Dedolph, representing self; Jeremy Arp, NATIONAL ASSOCIATION OF SOCIAL WORKERS, ARIZONA CHAPTER

### **All Comments:**

Sam Richard, PROTECTING ARIZONA'S FAMILY COALITION: Arizonans deserve to know the details of their state budget, and a seventy-two hour window from introduction to passage provides little room for democracy to do its work.; Karen McClelland, Self: The whole process from announcement to vote is TOO SHORT FOR CITIZEN INPUT. A vote should not be scheduled until next week so we can read the bills and the legislators can read the bills and make an informed decision with citizen input.; ellen katz, William E. Morris Institute For Justice: This bill cuts the TANF grant from 2 years to 1 year lifetime limit. No state has that low of a limit. 38 states have a 60 month limit. Protect the safety net.; Donna Kruck, Arizona Bridge To Independent Living: Please advocate to slow down this budget process until there is time for the community and full legislative body to study this proposal.

## **HB2682, agency consolidation; budget reconciliation; 2015-2016**

### **Support:**

Scot Mussi, Arizona Free Enterprise Club; Paul Senseman, CENTENE CORPORATION

### **Oppose:**

Karen McClelland, representing self; Joan Serviss, Executive Director, AZ COALITION TO END HOMELESSNESS; Donna Kruck, Arizona Bridge To Independent Living; Kristen Boilini, Arizona Indian Gaming Association; Bahney Dedolph, representing self; Michael Haener, Partner, SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY; Jeremy Arp, NATIONAL ASSOCIATION OF SOCIAL WORKERS, ARIZONA CHAPTER; Joanna Conde, Other

### **All Comments:**

Karen McClelland, Self: The whole process from announcement to vote is TOO SHORT FOR CITIZEN INPUT. A vote should not be scheduled until next week so we can read the bills and the legislators can read the bills and make an informed decision with citizen input.; Donna Kruck, Arizona Bridge To Independent Living: Please advocate to slow down this budget process until there is time for the community and full legislative body to study this proposal.; Michael Haener, SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY: Opposed to the Racing/Gaming merger; Joanna Conde, Other: The Arizona Association of Real Estate Appraisers opposes this bill. It would not reduce costs. The ABOA is a 90/10 agency that is self funding.

## **HB2683, K-12 education; budget reconciliation; 2015-2016**

### **Support:**

Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH

### **Oppose:**

Dana Wolfe Naimark, CHILDREN'S ACTION ALLIANCE; Charles Essigs, Director of Government Relations, Arizona Association Of School Business Officials; Elizabeth Hatch, Mesa Public Schools; Janice Palmer, AZ School Boards Assn; Jennifer Loreda, Arizona Education Association; Geoff Esposito, Arizona School Boards Association; Jeremy Plumb, representing self; Howard Moody, representing self; Karen McClelland, representing self; Amy Bhola, representing self; Cheryl Hasebe, representing self; Henry Hasebe, representing self; Jen Darland, representing self; Paul Stanton, representing self; Jo Grant, representing self; Robert Klassen, representing self; Jesus Rubalcava, representing self; Linda Somo, representing self; Lisa Hoberg, SCOTTSDALE PARENT COUNCIL; Mark Barnes, AZ SCHOOL ADMINISTRATORS ASSOC; Lisa Best, representing self; Michael Racy, Lobbyist, PIMA COUNTY; Brooke Kistner, representing self; Elizabeth Hatch, FLAGSTAFF FORTY; Jaime Molera, GREATER PHOENIX LEADERSHIP INC; Jaime Molera, SOUTHERN ARIZONA LEADERSHIP COUNCIL; Susan Ashcraft, representing self; Edward Maney, representing self; Eileen Sigmund, Arizona Charter Schools Association; Donna Kruck, Arizona Bridge To Independent Living; Sara Sansone, representing self; Carolyn Brown, representing self; Gary Bae, The Leona Group Arizona, LLC; Eileen Sigmund, Arizona Charter Schools Association; Jay Kaprosy, Arizona Charter Schools Association; Jeremy Arp, NATIONAL ASSOCIATION OF SOCIAL WORKERS, ARIZONA CHAPTER; John Kelly, Principal, TUCSON UNIFIED SCHOOL DISTRICT; Sara Smith, representing self

### **All Comments:**

Jeremy Plumb, Self: I am grateful to the legislature for restoring the satellite funding to the 92.5% level for JTEDs. However, I respectfully ask that you not reduce funding for schools to 92.5% as well. Please eliminate Section U from ARS 15.393 in HB2671 / HB2683.; Howard Moody, Self: Cuts to JTED funding will result in fewer students with needed skills.; Karen McClelland, Self: We need to restore the deepest in USA cuts- not make more. This bill damages education! AND no time for informed citizen comment or for legislators to even read and think about the bill.; Amy Bhola, Self: Give schools real flexibility- with no one-size-fits-all requirement, no percentages attached, and local control. Amy Bhola, Catalina Foothills Governing Board Member; Cheryl Hasebe, Self: Kids are hurt when

nurses, bus drivers/mechanics, principals, counselors, crossing guards, cafeteria staff, etc are gone due to cuts to District Additional Assistance funds. Protect them by protecting local control and flexibility in K-12 funding.; Henry Hasebe, Self: Cuts to District additional assistance will impact students; they need to be significantly minimized. If you really want to see how what type of education you are delivering, see a school in Mexico where class sizes are 40 and facilities are dismal.; Jen Darland, Self: Adequately fund schools and classrooms by settling the inflation lawsuit! This is NOT the "classrooms first" proposal our children deserve.; Paul Stanton, Self: Cuts to DAA will impact essential services for students. As a parent of a public school child, this impacts her future.; Jo Grant, Self: I serve on a school board. Let school districts have local control. Not all districts are the same.; Jesus Rubalcava, Self: Protect our students by protecting local control and flexibility in K-12 funding.; Linda Somo, Self: I am adamantly opposed to this budget that does not meet the needs of Arizona's students. Stop any cuts to funding for public schools and immediately reinstate the funding that the courts have ordered.; Lisa Hoberg, SCOTTSDALE PARENT COUNCIL: Please protect local control and flexibility in K-12 funding.; Michael Racy, PIMA COUNTY: Speak on 1% cap.; Susan Ashcraft, Self: K-12 education should be the HIGHEST priority for our state. We must do the right thing for our children. Please be sure constituent concerns are heard, and let superintendents and school boards be part of the budget implementation decisions.; Edward Maney, Self: DO NOT CUT education funding in Arizona. I am a republican and I would support new revenue streams to prevent more cuts. Please look elsewhere to make cuts. These current proposed cuts will negatively effect my daughters school and all schools in AZ.; Donna Kruck, Arizona Bridge To Independent Living: Please advocate to slow down this budget process until there is time for the community and full legislative body to study this proposal.; Sara Sansone, Self: Please vote NO. This is Rushed! My children's Kyrene schools are facing cuts. Reconsider this fuzzy math; it is not an increase to the classroom spending!; Carolyn Brown, Self: Please vote no due to the way this budget was rushed to a vote. The math does not add up to an increase for schools. My children's Kyrene schools will cut \$5.2 million that will hurt student achievement in the classroom. Our children deserve better.; Gary Bae, The Leona Group Arizona, LLC: As drafted, the language in this bill will decimate charter schools.; Jay Kaprozy, Arizona Charter Schools Association: The proposed small school weight elimination has a much broader impact than intended and will have a fiscal impact of twice what is currently estimated. It will disproportionately impact rural schools and schools seeking to replicate quality schools.; Sara Smith, Self: Local control necessary. DAA cut has no truth in not affecting classrooms. Glendale Elementary denounces budget in unanimous vote. Please listen to local leaders regarding how detrimental these cuts are.

## **HB2671, general appropriations; 2015-2016**

### **Testified as opposed:**

Erin Raden, Arizona Child Care Association; Amy Love, Arizona Judicial Council; Tim Hohmann, representing self; Megan Fisk, representing self; Kristen Boilini, Arizona Community College Association; TaraLynn Bartlett, representing self; Baily Hershberger, representing self; Moira Carney, representing self

### **Support:**

Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Scot Mussi, Arizona Free Enterprise Club; Tara Swanholm, representing self

### **Neutral:**

German Cadenas, representing self

## **Oppose:**

Debra Rudd, AZ BOARD OF APPRAISAL; Dana Wolfe Naimark, CHILDREN'S ACTION ALLIANCE; Zach Josephson, representing self; Austin Stumpf, representing self; Sam Richard, PROTECTING ARIZONA'S FAMILY COALITION; claudette rodriguez, representing self; Shannon Rich, AZ COALITION TO END SEXUAL AND DOMESTIC VIOLENCE; Mary McKell, representing self; Jeramy Plumb, representing self; Jennifer Loreda, Arizona Education Association; Anne & Alfonso Velosa, representing self; Karen McClelland, representing self; Howard Moody, representing self; Laura Jansen, representing self; Amy Bhoia, representing self; Blake Sacha, representing self; Carlos Ruiz, representing self; Cheryl Hasebe, representing self; Sandra Kravetz, representing self; Joe Wright, representing self; Julianne Hartzell, representing self; Angela Geren, representing self; Patrice Kennedy, representing self; Jen Darland, representing self; Robert Weir, representing self; Joan Serviss, Executive Director, AZ COALITION TO END HOMELESSNESS; Paul Stanton, representing self; Amy Laff, representing self; Jo Grant, representing self; Brenda Bartels, representing self; Robert Klassen, representing self; Jesus Rubalcava, representing self; Ken Bennett, representing self; Rae Conelley, representing self; Cassidy Possehl, representing self; Brian Salerno, representing self; Lisa Best, representing self; Evan Rock, representing self; Brooke Kistner, representing self; Jill Humpherys, representing self; Brad Dicus, representing self; Kathleen Beder, representing self; Stephanle Newitt, representing self; Meagan MacCleary, representing self; Jaime Molera, GREATER PHOENIX LEADERSHIP INC; Jaime Molera, SOUTHERN ARIZONA LEADERSHIP COUNCIL; Elizabeth Hatch, FLAGSTAFF FORTY; Christine Marsh, representing self; Kody Kelleher, AZ BOARD OF REGENTS; Laurie Smith, representing self; Charles "Steve" Miller, Arizona State University; Katy Yanez, NORTHERN ARIZONA UNIVERSITY; Abigail Polito Hawkins, AZ STATE UNIVERSITY; Jane Rucker, representing self; Mitra Khazai, representing self; Ruth Ellen Elinski, representing self; Rebekah Friend, Arizona AFL-CIO; Alicia Klassen, representing self; Paula Stefani, representing self; Marlo Loria, representing self; Donna Kruck, Arizona Bridge To Independent Living; Steven Chapman, representing self; Edward Maney, representing self; Jacob Schmitt, representing self; Alana Brussin, representing self; carolyn oconnor, representing self; Emily Jenkins, Arizona Council Of Human Service Providers; Brian Barabe, representing self; Jeremy Arp, NATIONAL ASSOCIATION OF SOCIAL WORKERS, ARIZONA CHAPTER; Tony Bracamonte, representing self; Doug Arnold, representing self; Marilyn Umberson, representing self; Lirio Patton, representing self; Jessica Rainbow, Arizona Community College Coordinating Council; Linda Somo, representing self; Jesus Cisneros, representing self; Andrew Escoto, UNIVERSITY OF ARIZONA; Hilary Charles, representing self; Bahney Dedolph, representing self; Ryan Boyd, representing self; Austin Marshall, representing self

## **All Comments:**

Debra Rudd, AZ BOARD OF APPRAISAL: Please take no action on HB2682 until more consideration can be given to this important proposal. The Board of Appraisal opposes the consolidation with DFI; Erin Raden, Arizona Child Care Association: .; Zach Josephson, Self: It is disappointing that our state is unwilling to prioritize funding for education of all levels. It's time for Arizona to invest in our students and our future. I ask all members to put education and Arizona families first. Thank you.; Sam Richard, PROTECTING ARIZONA'S FAMILY COALITION: Arizonans deserve to know the details of their state budget, and a seventy-two hour window from introduction to passage provides little room for democracy to do its work.; Mary McKell, Self: Please reconsider these drastic cuts to education funding. This will negatively impact our students and families and in the long run the economy of our state. I am a active voter and watch these bills closely.; Jeramy Plumb, Self: I am grateful to the legislature for restoring the satellite funding to the 92.5% level for JTEDs. However, I respectfully ask that you not reduce funding for schools to 92.5% as well. Please eliminate Section U from ARS 15.393 in HB2671 / HB1478.; Anne & Alfonso Velosa, Self: As a parent of three children, I urge you to make education in our state a priority. Instead of cutting funds to education, increase funding at all levels.; Karen McClelland, Self: School board member and concerned citizen. this process allows no time for citizen input into so complex and area. the cuts to childrens services, child care and P-20 education are not sustainable. We need to restore the funding cut since 2008 .; Howard Moody, Self: Do not

include a reduction in funding for satellite districts.; Amy Bhola, Self: Don't undermine our future, remove provisions harming JTEDs and school districts' local budgeting control in 2017; Blake Sacha, Self: Underfunding education harms the future of our state. Please don't provide additional funding restrictions.; Carlos Ruiz, Self: I am a governing board member of the Tanque Verde Unified School District and I can say that our strongly conservative community is not supportive of this legislation. Give us local control to help solve the budget problems. No one size fits all.; Cheryl Hasebe, Self: Cutting funds from our universities and our junior colleges harms our future. Protect our students by protecting local control and flexibility in K-12 funding. Increasing the budget for Corrections and cutting Medicaid funds is short-sighted!; Sandra Kravetz, Self: No more cuts to K-12!; Joe Wright, Self: Please vote against any attempts to decrease District Additional Assistance. This funding is critical to the success of our students and schools.; Julianne Hartzell, Self: As a concerned voter, former educator, and parent of former graduates I am concerned! One size does not fit all! What happened to local control. YOU don't like being told what to do, now you are telling districts! Adequately fund all schools.; Angela Geren, Self: Knowledge is power and by cutting education funds YOU are responsible for the decline of a quality future!; Patrice Kennedy, Self: I am a registered voter, a school board member, a parent and a constituent. Our public schools need adequate funding, school boards need flexibility and local control in spending. Settle the the inflation funding lawsuit. Put our students first.; Jen Darland, Self: Budget undercuts our state's ability to build and sustain healthy communities and a strong economy. Please vote NO on this budget.; Paul Stanton, Self: Cuts to DAA will impact essential services for students. As a parent of a public school child, this impacts her future.; Brenda Bartels, Self: This is NOT how you invest in the future of Arizona. This is however, how you create an elitist society! I want a state that understands that the more educated the citizens, the better the economy for the state!; Jesus Rubalcava, Self: Cuts to District Additional Assistance will impact students: they need to be significantly minimized.; Ken Bennett, Self: Would support with amendment on behalf of Judiciary; Rae Conelley, Self: I am a constituent who is not in favor of this bill.; Cassidy Possehl, Self: Student Body President ASU - Tempe; Jill Humpherys, Self: I am a parent and school board member. Give schools real flexibility-- with no one-size-fits-all requirement, no percentages attached, and local control. Cuts to District Additional Assistance will impact students; they need to be minimized.; Stephanie Newitt, Self: Support local control and give schools real flexibility-- with no one-size-fits-all requirement, no percentages attached Adequately fund schools and classrooms by settling the inflation lawsuit. Protect our students by protecting local control.; Christine Marsh, Self: Please remember that this decision should not be rushed (as it seems to be, at least from the public's perspective) and consider all of the ramifications and unintended consequences.; Laurie Smith, Self: Arizonans overwhelmingly support education AND they are willing to invest. You represent us. Vote no! My own children, now young adults, choose to live in a state other than Arizona because they wish to live in a state with a promising future.; Mitra Khazai, Self: As a formal Arizona economic development official; further cuts to our education budgets will severely hamper business development efforts in this state.; Ruth Ellen Elinski, Self: Adequately fund schools and classrooms by settling the inflation lawsuit; Paula Stefani, Self: No more cuts to education, child care and vital social services. Az families have suffered enough.; Donna Kruck, Arizona Bridge To Independent Living: Please advocate to slow down this budget process until there is time for the community and full legislative body to study this proposal.; Steven Chapman, Self: This budge is bad for our public schools. This will make further cuts that will negatively impact our students, the children of all Arizona parents.; Edward Maney, Self: This is the wrong way to balance an budget. Stop make the future leaders of Arizona bear the brunt of cuts. Fund Education, it is the right thing to do!; Alana Brussin, Self: I'd like to speak.; carolyn oconnor, Self: shame onyou; Emily Jenkins, Arizona Council Of Human Service Providers: Concerned about cuts to DCS; Brian Barabe, Self: Please do not cut education funding.; Tim Hohmann, Self: As an community college instructor and a parent of a student in public school, I perceive many negative repercussions to this budget from many sides: pressures on school districts and higher education.; Tony Bracamonte, Self: No more cuts...no to 2671; Doug Arnold , Self: this can't stand!; Lirio Patton, Self: No cuts to public education.; Kristen Boilini, Arizona Community College Association: .; Linda Somo, Self: As a retired public

school teacher/counselor representing over 2100 retirees, I am adamantly opposed to this horrible budget bill. This budget is detrimental to public schools, higher education, children, and families. I strongly urge you to vote NO.; Ryan Boyd, Self: If we are to remain competitive in a global economy, we need to invest in our education. Also, we don't have clubs we are forced to join. We stand in solidarity as all ASU students against these cuts. They will have to raise tuition and we will pay.

## **HB2672, capital outlay; 2015-2016**

### **Support:**

Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Scot Mussi, Arizona Free Enterprise Club

### **Oppose:**

Karen McClelland, representing self; Rebekah Friend, Arizona AFL-CIO

### **All Comments:**

Karen McClelland, Self: The whole process from announcement to vote is TOO SHORT FOR CITIZEN INPUT. A vote should not be scheduled until next week so we can read the bills and the legislators can read the bills and make an informed decision with citizen input.

## **HCR2038, trust land management; budget reconciliation**

### **Oppose:**

Jennifer Loreda, Arizona Education Association; Donna Kruck, Arizona Bridge To Independent Living; Sandy Bahr, Sierra Club - Grand Canyon Chapter

### **All Comments:**

Donna Kruck, Arizona Bridge To Independent Living: Please advocate to slow down this budget process until there is time for the community and full legislative body to study this proposal.



# HOUSE OF REPRESENTATIVES

## HB 2671

### general appropriations; 2015-2016

### Sponsors: Representative Gowan

X Committee on Appropriations

Caucus and COW

House Engrossed

#### OVERVIEW

HB 2671 makes state General Fund (GF) and other fund (OF) appropriations and transfers for Fiscal Year (FY) 2016 for the operation of state government and makes various budget revisions and supplemental appropriations for FY 2015.

#### PROVISIONS

1. The tables below indicate GF and OF changes for each appropriated state agency for FY 2016 along with major footnote changes.

Summary of Changes	Fund Source	Comments	FY 2016 Changes
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Arizona Department of Administration (ADOA)			
General Accounting Office Cost Shift	GF		(600,000)
Automation – Arizona Financial Information System (AFIS) Cost Shift	GF		(6,900,000)
Automation – Department of Economic Security Information Technology Security	OF		900,000
Automation – Department of Revenue Projects	GF		(1,700,000)
Government Transformation Office	GF		1,000,000
Immigration Enforcement	GF		(1,200,000)

Arizona Health Care Cost Containment System (AHCCCS)			
Formula Adjustments	GF		(31,500,000)
Provider Rate Reduction	GF		(25,700,000)
Shift Disproportionate Share Pool 1 Match	GF		(2,700,000)
Ambulance Rate Reduction	GF		(6,000,000)
Inspector General Fraud Prevention	GF		(1,300,000)

Attorney General (AG)			
Federalism Unit	OF	Consumer Fraud Fund	1,000,000
Southern Arizona Drug Enforcement Unit	GF		1,200,000

State Board for Charter Schools			
Remove One-Time Equipment	GF		(100,000)

Department of Child Services (DCS)			
Permanency Caseload Growth	GF		8,000,000
Increase Foster Care Rates	GF		(2,000,000)

Arizona Commerce Authority (ACA)			
Retain Mexico City Trade Office	GF		300,000
Reduce Competes Fund Deposit	GF		(5,000,000)

Arizona Community Colleges			
State Aid Reduction to Maricopa, Pima and Pinal	GF		(17,600,000)

Arizona Department of Corrections (ADC)			
Health Care Litigation	GF		2,000,000
Health Care Changes	GF		5,000,000
Population Growth	GF		5,300,000
Expand Transition Program	GF		(300,000)
Retirement Adjustment	GF		13,500,000
Leap Year	GF		900,000

- Requires ADC to submit its expenditure plan for review by JLBC before implementing any changes in per diem rates for inmate health care contracted services.

Counties			
Eliminate Funding to Pinal, Yavapai and Mohave	GF		(1,700,000)
Graham Restore Monies	GF		500,000

Department of Economic Services (DES)			
Eliminate Rural Autism Parenting	GF		(300,000)
Eliminate Long Term Care (LTC) Assisted Living	GF		(300,000)
Shift Child Care to Child Care and Development Fund	GF		(4,000,000)
Adult Protective Services Staff	GF	11 Full Time Employees (FTEs)	1,200,000
Lump Sum	GF		(2,000,000)

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- Requires DES to submit a report to JLBC before transferring any money in or out of the Case Management – Medicaid, Case Management – State-Only, and DDD Operating lump sum line items.

<b>Arizona Department of Education (ADE)</b>			
Formula Adjustments	GF		(5,000,000)
Additional Inflation	GF		74,400,000
District Non-Classroom Reduction	GF		(113,500,000)
Charter Additional Assistance Reduction	GF		(3,000,000)
Elimination of Small School Weight for Multi-Site Charters	GF		(10,000,000)
Eliminate District Sponsored Charter Funding	GF		(2,400,000)
Repeal Student Success Funding	GF		(21,500,000)
1% Property Tax Cap Limitations	GF		(20,200,000)
Alternative Teacher Development Program	GF		500,000
Test Savings	GF		(1,800,000)

- Requires ADE to allocate the \$74,394,000 additional inflation to school districts and charter schools in FY 2016 in the same manner that it would allocate the monies if they were for an additional increase of \$53.31 in the base level for FY 2016. Specifies that the additional inflation amount is not an increase in the base level.

<b>Department of Emergency and Military Affairs (DEMA)</b>			
Emergency Management Federal Match	GF		1,500,000
Navajo Camp Fund Shift	GF		(1,000,000)

<b>Department of Health Services (DHS)</b>			
Formula Adjustments	GF		(8,400,000)
5% Provider Rate Reduction	GF	Exceptions	(11,400,000)
Arizona State Hospital (ASH) Increase	GF		1,200,000
Eliminate School-Based Prevention Education	GF		(300,000)
Eliminate Mental Health First Aid	GF		(300,000)

<b>Department of Insurance (DOI)</b>			
Fraud Investigations	GF		500,000

<b>Judiciary</b>			
Eliminate GF Automation Funding	GF		(3,600,000)
Fund Transfers	GF		(6,000,000)

- Requires all centralized service payments made by the Administrative Office of the Courts on behalf of counties to be funded only from the centralized service payments line item.

<b>Department of Juvenile Corrections (DJC)</b>			
Local Cost Sharing	GF		(12,000,000)
One-Time Shift from State Charitable Fund	GF		(900,000)
Admission Changes	GF		(4,000,000)

<b>Arizona Pioneers' Home</b>			
Fund Shift to Land Trust	GF		(1,600,000)

<b>Department of Public Safety (DPS)</b>			
Continue Arizona Counter Terrorism Information Center (ACTIC) Funding	GF		800,000
Retirement Adjustment	GF		4,200,000

<b>Arizona Department of Racing (ADR)</b>			
Eliminate Breeders' Award	GF		(300,000)

<b>Department of Revenue (DOR)</b>			
Fraudulent Returns	GF		3,200,000
Local Cost Sharing	GF		(20,800,000)

<b>School Facilities Board (SFB)</b>			
New School Construction	GF		1,500,000
School Facilities Loan Guarantee	GF		ADE
Access Our Best Public Schools (AOBPS)	GF		23,900,000

- Deposits the AOBPS line item funding in the AOBPS Fund. Prohibits monies from being expended until the executive branch submits an expenditure plan to JLBC for review. Monies in the AOBPS Fund are appropriated for the purpose of developing mechanisms that an Arizona public school achievement district could use to assist in the expansion of member schools or the construction of new facilities for member schools. Requires the executive branch to recommend proposed legislation to codify the developed mechanisms.
- Allocates \$1,000,000 of the appropriated building renewal grants line item for deposit in the Emergency Deficiencies Correction Fund. Requires schools receiving monies in FY 2016 to submit a plan to improve the district's preventative maintenance of building systems to SFB.

<b>Universities – Arizona State University – Tempe and Downtown Phoenix</b>			
Funding Reduction	GF		(47,400,000)

- Deletes obsolete footnote pertaining to parity funding.

<b>Universities – Arizona State University – East</b>			
Funding Reduction	GF		(3,700,000)

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- Deletes obsolete footnote pertaining to parity funding.

<b>Universities – Arizona State University – West</b>			
Funding Reduction	GF		(4,700,000)

<b>Universities – Northern Arizona University</b>			
Funding Reduction	GF		(18,100,000)

- Deletes obsolete footnote pertaining to parity funding.

<b>Universities – University of Arizona – Main</b>			
Funding Reduction	GF		(29,300,000)

<b>Universities – University of Arizona – Health Sciences Center</b>			
Funding Reduction	GF		(600,000)

<b>Department of Veterans' Services (DVS)</b>			
Operating Costs	GF		400,000

<b>Department of Water Resources (DWR)</b>			
Water Banking Shift	GF		(500,000)

**FY 2015 SUPPLEMENTAL APPROPRIATIONS AND ADJUSTMENTS**

<b>2015 GF and OF Changes to Baseline</b>		
ADOA – Federal Government Disallowed Costs – Risk Management	OF	10,462,100
ADOA – Special Employee Health Insurance Trust Fund	OF	8,302,800
AHCCCS – Administration	GF	(48,520,500)
Commission for the Deaf and Hard of Hearing – Arizona Relay Service – Telecommunication Fund for the Deaf	OF	255,500
DES – Rural Long-Term Care Assisted Living	GF	(300,000)
DES – Autism Parenting Skills – Rural Areas	GF	(300,000)
DES – Child Care Subsidy	GF	(4,000,000)
DES – Child Care Subsidy – Child Care and Development Federal Block Grant	OF	4,000,000
DES – Division of Developmental Disabilities	GF	7,852,000
DES – Division of Developmental Disabilities – Long-Term Care Fund Expenditure Authority	OF	21,082,900
ADE – Basic and Additional State Aid	GF	26,861,100
DHS	GF	6,127,100
State Land Department – Central Arizona Project User Fee Rate Adjustment	GF	64,200
Arizona Navigable Stream Adjudication Commission – Arizona Water Banking Fund	OF	359,300
SFB – New School Facilities Debt Service	GF	(9,415,900)

2. Increases the sum of \$268,809,500 from the AHCCCS appropriation from the expenditure authority in FY 2015.

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3. Allows AHCCCS to transfer up to \$10,000,000 from GF appropriations received in FY 2015 to DHS for expenditures associated with Title XIX behavioral health services. Requires AHCCCS to submit the proposed transfer for review by JLBC before making the transfer.
4. Exempts the \$750,000 Securities Regulatory and Enforcement Fund appropriation to the Arizona Corporation Commission for a securities division database upgrade from the lapsing of appropriations until June 30, 2016.
5. Exempts the \$220,000 Telecommunication Fund for the Deaf appropriation to the Commission for the Deaf and the Hard of Hearing for agency business upgrades from the lapsing of appropriations until June 30, 2016.
6. Reduces the GF appropriation to ADOA in FY 2015 from \$25,000,000 to \$19,500,000 for costs associated with the establishment of DCS and the relocation of the data center operated by DES. Exempts the appropriation from lapsing until June 30, 2016.
7. Repeals the FY 2015 GF appropriation of \$1,000,000 to the Water Supply Development Revolving Fund.

### ADDITIONAL FY 2016 APPROPRIATIONS

#### *ADOA*

8. Appropriates \$5,500,500 from the GF in FY 2016 to ADOA for distribution to counties for maintenance of essential county services. Requires ADOA to allocate the monies equally among all counties with a population of less than 200,000 persons.
9. Appropriates \$500,000 from the GF in FY 2016 to ADOA for distribution to a county with a population between 30,000 and 40,000 persons (Graham) for maintenance of essential county services.

#### *Automation Projects*

10. Appropriates the following amounts, including 75 FTEs, to ADOA in FY 2016 from the Automation Projects Fund (APF) for the following automation and information technology projects:
  - a. \$3,125,000 for enhancing statewide data security.
  - b. \$500,000 for enhancing enterprise architecture.
  - c. \$2,150,000 for project management of statewide automation and information technology projects.
  - d. \$1,075,000 for projects related to e-government.
  - e. \$2,625,000 for improving and maintaining the ADOA data center.
11. Makes the following appropriations to ADOA from the APF in FY 2016 for the following automation and IT projects:
  - a. 936,400 for implementing IT projects that comply with state and federal security IT standards by DES.
  - b. \$5,000,000 for implementing e-licensing projects by the Department of Environmental Quality (DEQ).
  - c. \$7,000,000 for implementing, upgrading and maintaining the Student Longitudinal Data System (SLDS) and the Education Learning and Accountability System (ELAS).
12. Appropriates any remaining balance from fees collected from universities and community colleges from the Education Learning and Accountability Fund (ELAF) that are transferred to the APF for the purposes of implementing, upgrading and maintaining SLDS and ELAS.

13. Stipulates that the appropriation to the SLDS and ELAS be used first and foremost to complete a significant portion of the replacement of the Student Accountability Information System. Requires ADE to provide quantifiable deliverables of the Legislature's intended progress to the Information Technology Authorization Committee and JLBC before seeking review of the \$7,000,000 FY 2016 expenditure from the APF.
14. Prohibits monies appropriated for projects at each state agency from the APF from being used for projects at any other state agency without prior review by JLBC.
15. Requires ADOA to submit quarterly reports to JLBC on or before the last day of each calendar quarter on implementation of projects, including deliverables, timeline for completion and current status.
16. Appropriates any remaining FY 2015 balance in the APF to ADOA in FY 2016 for the same purposes as specified. Requires ADOA to report any FY 2016 expenditure of remaining balances from FY 2015 in the APF in ADOA's quarterly report to JLBC.
17. States that the FY 2016 funding for ADE's SLDS and ELAS is contingent upon contracting with a third party consultant throughout the life of the project and requiring ADOA and ADE to report on plans for consultant use when seeking JLBC review of FY 2016 expenditures for the system. Also requires review to continue through the life of the projects.
18. States that the FY 2016 funding for ADC's inmate management system is contingent upon contracting with a third party consultant throughout the life of the project and requiring ADOA and ADC to report on plans for consultant use when seeking JLBC review of FY 2016 expenditures for the system. Also requires review to continue through the life of the projects.
19. Reduces the GF appropriation to the APF in FY 2016 from \$9,202,000 to \$2,383,000 for the purpose of implementing, upgrading or maintaining automation and information technology projects for any state agency.
20. Reduces the APF appropriation to ADOA in FY 2016 from \$9,202,000 to \$2,383,000 for the replacement of the AFIS.
21. Stipulates that \$212,000 for rent and \$817,000 for private third-party consultant oversight monies for costs related to the replacement of AFIS are not subject to review by JLBC.

*Arizona Commerce Authority (ACA)*

22. Allocates \$26,500,000 of GF withholding tax revenue in FY 2016 to the ACA, of which \$10,000,000 is credited to the ACA Fund and \$16,500,000 to the Arizona Competes Fund.
23. Appropriates \$300,000 from the GF in FY 2016 to the ACA to operate a trade office in Mexico City.

**DEBT SERVICE PAYMENTS**

24. Appropriates \$60,104,300 from the GF in FY 2016 to ADOA for the debt service payments on the sale and lease-back of state buildings authorized by Laws 2009, Third Special Session, Chapter 6.
25. Appropriates \$24,010,300 from the GF in FY 2016 to ADOA for the debt service payment on the sale and lease back of state buildings authorized by Laws 2010, Sixth Special Session, Chapter 4.

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26. Allocates \$20,449,000 of GF revenue in FY 2015 to the Arizona Convention Center Development Fund.

**ESTIMATED DISTRIBUTIONS**

27. Stipulates that the Rio Nuevo Multipurpose Facility District is estimated to receive \$10,000,000 from a portion of state transaction privilege tax revenues in FY 2016 and specifies that the actual amount of distribution will be made as outlined in statute.

**FUND TRANSFERS**

28. Requires the staff directors of JLBC and the Governor's Office of Strategic Planning and Budgeting to jointly notify the Governor, the President of the Senate, the Speaker of the House of Representatives and the State Treasurer if the preliminary FY 2015 GF ending balance is less than \$0 and, if so, the total ending balance amount. Requires, if notification is issued, the State Treasurer to transfer an amount equal to the negative ending balance plus \$1,000,000 from the Budget Stabilization Fund to the GF.
29. Transfers, by June 30, 2016, the following amounts from the following sources to the GF for the purposes of providing adequate support and maintenance for state agencies:
- a. \$7,252,800 from the Healthcare Group Fund (AHCCCS).
  - b. \$5,400,000 from the Consumer Fraud Revolving Fund (AG).
  - c. \$75,000,000 from the Arizona Competes Fund (ACA).
  - d. \$25,000,000 from the Job Training Fund (ACA).
  - e. \$2,000,000 from the Utility Regulation Revolving Fund (Corporation Commission).
  - f. \$2,000,000 from the Special Services Fund (ADC).
  - g. \$2,500,000 from the Inmate Store Proceeds Fund (ADC).
  - h. \$1,072,000 from the ADC Revolving Fund (ADC).
  - i. \$500,000 from the Arizona Correctional Industries Revolving Fund (ADC).
  - j. \$1,250,000 from the Corrections Fund (ADC).
  - k. \$250,000 from the Alcohol Abuse Treatment Fund (ADC).
  - l. \$1,500,000 from the ADC Building Renewal Fund (ADC).
  - m. \$4,000,000 from the Special Administration Fund (DES).
  - n. \$4,000,000 from the State Facilities Special Education Fund (ADE).
  - o. \$2,400,000 from the Student Success Fund (ADE).
  - p. \$2,000,000 from the Voluntary Vehicle Repair and Retrofit Program (DEQ).
  - q. \$5,500,000 from the Air Quality Fund (DEQ).
  - r. \$2,493,700 from the Recycling Fund (DEQ).
  - s. \$5,000,000 from the Arizona Department of Housing Program Fund (Arizona Department of Housing).
  - t. \$4,000,000 from the Off-Highway Vehicle Recreation Fund (State Parks).
  - u. \$5,168,200 from the Arizona Highway Patrol Fund (DPS).
  - v. \$4,347,800 from the Fingerprint Clearance Card Fund (DPS).
  - w. \$4,560,000 from the Economic Strength Project Fund (ADOT).
  - x. \$20,000,000 from the Highway Expansion and Extension Loan Program Fund (ADOT).
  - y. \$15,000,000 from the State Aviation Fund.
  - z. \$2,000,000 from the Motor Vehicle Liability Insurance Enforcement Fund (ADOT).

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30. Transfers, by the end of FYs 2016, 2017 and 2018, the following amounts from the following sources to the GF for the purposes of providing adequate support and maintenance for state agencies:
  - a. \$200,000 from the Alternative Dispute Resolution Fund (Judiciary – Supreme Court).
  - b. \$450,000 from the Arizona Lengthy Trial Fund (Judiciary – Supreme Court).
  - c. \$250,000 from the Drug Treatment and Education Fund (Judiciary – Superior Court).
  - d. \$5,100,000 from the Juvenile Probation Services Fund (Judiciary – Superior Court).
31. Appropriates \$5,400,000 from the GF in FY 2016 to the APF.
32. Transfers the following amounts in FY 2016 to the APF from the following sources:
  - a. \$1,600,000 from ELAF, and any remaining balances at the end of FY 2015 from fees collected from universities and community colleges in ELAF.
  - b. \$3,775,000 from the State Web Portal Fund, which includes \$2,150,000 for managing all projects funded from APF.
  - c. \$5,700,000 from the Automation Operations Fund.
  - d. \$5,000,000 from the Emissions Inspection Fund.
  - e. \$936,400 from the Special Administration Fund.
33. Transfers \$100,000,000 from the Special Employee Health Insurance Trust Fund to the GF in FY 2016 to provide adequate support and maintenance for agencies of this state.
34. Requires the AG to direct a total of \$15,000,000 received pursuant to the consent judgments in the National Mortgage Settlement to the GF by June 30, 2015, to compensate for costs resulting from the alleged unlawful conduct of the defendants.
35. Requires the AG to direct a total of \$16,000,000 received pursuant to the consent judgments in the Standard and Poor's Financial Services LLC settlement the GF by June 30, 2016, to compensate for costs resulting from the alleged unlawful conduct of the defendants.
36. Transfers \$710,000 from the Motor Vehicle Liability Insurance Enforcement Fund to the Safety Enforcement and Transportation Infrastructure Fund by June 30, 2015.

**PAYMENT DEFERRALS**

***DCS***

37. Defers \$11,000,000 in DCS payments for services provided in May and June of 2016 until after July 1, 2016 and appropriates the same amount in FY 2017 from the GF to DCS. State that payments to child care providers cannot be deferred.

***DES***

38. Defers \$21,000,000 in DES payments for services provided in May and June of 2016 until after July 1, 2016 and appropriates the same amount in FY 2017 from the GF to DES.
39. Prohibits payments to child care providers and May payments to providers of developmentally disabled services from being deferred.

***ADE***

40. Defers \$930,727,700 in BSA and Additional State Aid (ASIA) payments made to ADE in FY 2016 to FY 2017. Excludes charter schools and school districts with a student count of less than 600 pupils from the deferral.
41. Requires ADE to disburse the FY 2016 appropriation of \$930,727,700 to the counties for the school districts by July 1, 2016 and no later than July 12, 2016, in amounts equal to the

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reductions in apportionment of BSA and ASIA reductions made due to the deferral of the same amount.

- 42. Mandates that school districts include in the revenue estimates that they use for computing their FY 2016 tax rates the deferred monies that they will receive between July 1, 2016 and July 12, 2016.

**ABOR**

- 43. Defers \$200,000,000 of payments by ABOR allocated to the state universities in the individual campus appropriations until after July 1, 2016 and appropriates the same amount to ABOR in FY 2017 and requires ADOA to distribute these monies to ABOR no later than October 1, 2016.

**STATEWIDE OPERATING ADJUSTMENTS**

<b>Area of Adjustment</b>	<b>GF</b>	<b>OF</b>	<b>Total</b>
AFIS Collections	1,900,000	5,667,800	7,567,800
Employer Health Insurance Contribution Rate	(16,200,000)	(8,561,500)	(24,761,500)

- 44. Provides statewide adjustment procedures and instructions.
- 45. Outlines FY 2016 individual agency charges totaling \$1,809,500 for general agency counsel provided by the AG.

**MISCELLANEOUS**

- 46. States legislative intent that all departments, agencies or budget units receiving appropriations under this act are to continue to report actual, estimated, and requested expenditures in a specified format.
- 47. Provides footnote instructions.
- 48. Contains other reporting requirements.
- 49. Contains definitions sections.





# HOUSE OF REPRESENTATIVES

HB 2672

capital outlay; 2015-2016

Sponsor: Representative Olson

X Committee on Appropriations

Caucus and COW

House Engrossed

### OVERVIEW

HB 2672 appropriates funds for FY 2016 to applicable agencies for the maintenance, repair, building renewal, and preventative maintenance of state buildings.

### PROVISIONS

#### *Building Renewal*

1. Appropriates the following amounts for major maintenance and repair activities for state buildings in FY 2016:
  - a. **Department of Administration (ADOA)**
    - i. \$5,000,000 from the state General Fund (GF)
    - ii. \$9,000,000 from the Capital Outlay Stabilization Fund
  - b. **Department of Corrections (ADC)**
    - i. \$5,464,300 from the Department of Corrections Building Renewal Fund
  - c. **Arizona Game and Fish Department**
    - i. \$530,000 from the Game and Fish Fund
  - d. **Arizona State Lottery Commission**
    - i. \$103,600 from the State Lottery Fund
  - e. **Department of Transportation (ADOT)**
    - i. \$3,191,900 from the State Highway Fund
    - ii. \$204,900 from the State Aviation Fund

#### *Capital Projects*

Department	Project	Fund Sources	Amount
Arizona State Parks Board	Capital Improvements	State Parks Revenue Fund	\$1,500,000
<b>TOTAL (ASPB):</b>			<b>\$1,500,000</b>
Department of Transportation	De-Icer Buildings	State Highway Fund	\$2,280,000
	Vehicle Wash Systems	State Highway Fund	\$2,910,000
	State Highway Construction	State Highway Fund	\$234,471,000
	Airport Planning and Development	State Aviation Fund	\$21,791,800
<b>TOTAL (ADOT):</b>			<b>\$261,452,800</b>

Arizona Exposition and State Fair Board	Capital Improvements	Arizona Exposition and State Fair Fund	\$1,000,000
<b>TOTAL (AESFB):</b>			<b>\$1,000,000</b>

**REPORTING REQUIREMENTS**

**Department of Administration**

2. Requires the ADOA to report twice yearly, by January 31, 2016 and July 31, 2016, to the Joint Legislative Budget Committee (JLBC) staff on the status of all building renewal projects and expenditures.
3. Stipulates ADOA report on the status of project specific Full Time Equivalent (FTE) positions for capital projects in its annual capital budget request.

**Department of Corrections**

4. Directs the ADC to report twice yearly, by January 31, 2016 and July 31, 2016, to the JLBC staff on the status of all building renewal projects and expenditures and prohibits ADC from using any of the funds appropriated for this purpose on personal services or overhead expenses related to the funded project management.

**Department of Transportation**

5. Mandates that ADOT report its actual prior year, estimated current year, and upcoming budget year highway construction expenses from all fund sources to the Joint Committee on Capital Review (JCCR), in the same format as in the prior year, unless modifications are approved by the directors of the JLBC and the Governor’s Office of Strategic Planning and Budgeting (OSPB) by November 1, 2015.
6. Requires ADOT to report capital outlay information for FYs 2015, 2016, and 2017 to the directors of the JLBC and the OSPB in the same format found in the FY 2015 Appropriations Report.
7. Stipulates ADOT report its estimated outstanding debt principal balance at the end of FY 2017 and the estimated debt service payment amount for FY 2017 to the directors of the JLBC and the OSPB.
  - a. Specifies the report include State Highway Fund state construction bonds; Arizona Highway User Revenue Fund; Maricopa Association of Governments and Pima Association of Governments controlled access bonds; Maricopa Regional Area Road Fund bonds; and grant anticipation notes.
  - b. Directs the report be comparable to the information contained in the FY 2015 Appropriations Report.

**Miscellaneous**

8. Permits ADOA to use up to \$275,000 of amounts appropriated to ADOA in the act in personal services and employee-related expenditures for up to five FTE positions for each fiscal year until the building renewal projects are complete.

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9. Allows ADOA to allocate FTE positions authorized for specific projects to other projects provided that the funding is cost allocated and requires ADOA to report on any FTE position reallocations to JCCR by December 31, 2015.
10. Mandates that the monies appropriated for capital outlay may not be used for personal services or employee-related expenditures of state employees, excluding services provided as a part of the Inmate Construction Program for correctional facilities.
11. States that, unless specified, the appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned, or the appropriation stands for a full FY without an expenditure or an encumbrance.
12. Stipulates that the appropriations made in the act for FY 2016 that are unexpended on June 30, 2017 revert back to the originating fund.
13. Requires JCCR to review the scope, purpose, and estimated cost of any new capital project that has an estimated cost of more than \$250,000.

**ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature - First Regular Session**

**ROLL CALL VOTE**

COMMITTEE ON APPROPRIATIONS BILL NO. HB 2672

DATE March 5, 2015 MOTION: dp

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J		✓			
Mr. Bowers		✓			
Mr. Cardenas			✓		
Mr. Clark			✓		
Mr. Gray		✓			
Ms. Mach			✓		
Mr. Meyer			✓		
Mr. Petersen		✓			
Mr. Rivero		✓			✓
Mr. Sherwood			✓		
Mr. Stevens					✓
Mrs. Ugenti					✓
Mr. Leach, Vice-Chairman		✓			
Mr. Olson, Chairman		✓			
		7	5	0	2

APPROVED:

  
 JUSTIN OLSON, Chairman  
 VINCE LEACH, Vice-Chairman

  
 COMMITTEE SECRETARY

ATTACHMENT 5



# HOUSE OF REPRESENTATIVES

## HB 2673

revenue; budget reconciliation; 2015-2016

Sponsor: Representative Olson

X Committee on Appropriations

Caucus and COW

House Engrossed

### OVERVIEW

HB 2673 makes temporary and permanent statutory changes relating to state revenues in order to implement the Fiscal Year (FY) 2016 state budget.

### PROVISIONS

#### *Department of Insurance*

1. As permanent law, requires the Department of Insurance (DOI) to report Insurance Premium Tax collection information periodically during the FY to the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting (OSPB).
2. As permanent law, requires DOI to annually report Insurance Premium Tax Credit information for a given FY to JLBC and OSPB on or before September 30.
3. Restricts the Director of DOI from modifying fees or assessments in FY 2016 for the purpose of meeting the requirements to recover at least 95% but not more than 110% of DOI's appropriated budget.

#### *Radiation Regulatory Agency*

4. Permits the Radiation Regulatory Agency (Agency) to increase fees in FY 2016 and exempts the Agency from rulemaking for the purposes of increasing fees until July 1, 2016.
5. Contains an intent clause that limits the additional revenues generated by the fees collected to \$561,000.
6. Requires the Agency to deposit monies received from any fee increases into the Regulatory Fee Fund.

#### *Department of Agriculture*

7. Permits the Director of the Arizona Department of Agriculture (DOA), with the assistance of the DOA Advisory Council, to continue existing fees from FY 2015 in FY 2016 for services provided in FY 2016.
8. Contains an intent clause that limits the additional revenues generated by the fees collected in FY 2016 to:
  - a. \$218,000 to the State GF.
  - b. \$113,000 to the Pesticide Trust Fund.
  - c. \$26,000 to the Dangerous Plants, Pests and Diseases Trust Fund.
9. Exempts DOA from rulemaking requirements for the purpose of establishing fees until July 1, 2016.

*Department of Financial Institutions*

10. Permits the Superintendent of the Department of Financial Institutions (DFI) to use monies in DFI's Receivership Revolving Fund for expenditures on an electronic licensing system through FY 2016.
11. Contains an intent clause that limits DFI expenditures on an electronic licensing system to \$850,000.
12. Permits DFI to use the Financial Services Fund for its general operating expenditures of DFI.

*Counties, Cities and Towns*

13. As permanent law, transfers the Phoenix Convention Center debt service distribution within Title 42 to the distribution contained within Title 9 pertaining to Convention Centers.
14. As permanent law, requires county treasurers, by February 15 of each year, to report to JLBC all returns and payments received from the preceding calendar year regarding the leases of government property improvements owned by the government lessor.
15. Allows counties with populations less than 200,000, according to the 2010 census, to use any source of county revenue to meet its fiscal obligations in FY 2016 with the stipulation that the county report the specific source and amount of revenues the county intends to use to JLBC by October 1, 2015.

*Department of Revenue*

16. As permanent law, requires the Department of Revenue (DOR), beginning June 30, 2015, to assess a fee to each county, city and town in order to recover a portion of administrative, program and operating costs incurred by providing administrative and collection services to local governments.
17. As permanent law, requires DOR, by July 1, 2015, to assess a fee to each county, city and town that receives state shared revenues. Outlines fee calculations and limits the annual aggregate amount from all jurisdictions to \$20,755,835.
18. As permanent law, requires DOR, by July 1, 2015, to assess a fee to each city or town that DOR does not administer and collect TPT, the amount of the fee is \$.76 multiplied by the population of the city or town used for the purposes of computing state shared revenues, payable each FY.
19. Contains fee assessment provisions relating to deadlines, failure to pay and monies paid to DOR.
20. Stipulates that all monies paid to DOR or withheld by the State Treasurer pursuant to this Act must be credit to DOR's Intergovernmental Agreement or Internal Service Agreement funds.
21. Allows DOR to authorize contractors to collect transaction privilege tax (TPT) accounts receivable in FY 2016 and 2017.
22. Allows DOR to utilize TPT revenue collected by the contractors to pay for contracted collector services in an amount not to exceed \$2 million.

*Miscellaneous*

23. Appropriates \$626,700 from the liquor licenses fund in FY 2015 to the Department of Liquor Licenses and Control for the purpose of a licensing replacement system.
24. Changes the delayed repeal date of the Job Training Employer Tax from January 1, 2017 to January 1, 2016.

**HB 2673**

25. Deletes statutory references to the Job Training Employer Tax.
26. Alters JLBC reporting requirements relating to determining the effectiveness of government Property Lease Excise Tax rates and permits JLBC to utilize a representative sample of properties to conduct the analysis.
27. Requires each county, in addition to DOR, to cooperate with JLBC in determining the effectiveness of government Property Lease Excise Tax rates.
28. Reduces the amount the Department of Transportation must allocate and the State Treasurer must distribute from \$60 million to \$30 million in FY 2017 for the direct cost of constructing, reconstructing, maintaining or repair of public highways, streets or bridges and direct cost of rights-of-way acquisitions and related expenses.
29. Permits a taxpayer that has an established and unpaid TPT, individual income or corporate income tax liability as of August 1, 2015 to apply to DOR for amnesty beginning September 1, 2015 through October 31, 2015.
30. Outlines amnesty provisions related to applications, DOR responsibilities and reporting requirements.
31. Makes technical and conforming changes.





# HOUSE OF REPRESENTATIVES

HB 2674

budget procedures; 2015-2016

Sponsor: Representative Olson

X Committee on Appropriations

Caucus and COW

House Engrossed

### OVERVIEW

HB 2674 makes statutory and session law changes relating to budget procedures in order to implement the Fiscal Year (FY) 2016 state budget.

### PROVISIONS

#### *Reporting Requirements*

1. Eliminates the requirement that state agencies submit an annual report on electronic payment transactions to the Governor, the Arizona Department of Administration (ADOA), and the Joint Legislative Budget Committee (JLBC).
2. Removes the Working Capital Surplus reporting requirement and adds an Investment Yield Restriction reporting requirement, which must be submitted by ADOA to JLBC and the Governor's Office of Strategic Planning and Budgeting by October 1 of each year.
3. Specifies that the Investment Yield Restriction report must include costs associated with meeting investment yield restriction requirements and whether these requirements have reduced investment yields or resulted in the payment of any federal penalties.
4. Requires JLBC staff to report on the expenditures for each retirement system, including state employer contributions, for the preceding FY by January 31 of each year.

#### *Arizona Financial Information System Collections Fund (Fund)*

5. Establishes the Fund, which is administered by ADOA and consists of transaction fees assessed by ADOA against state agencies for use of the Arizona Financial Information System.
6. Requires ADOA to submit a proposed transaction fee to JLBC for review prior to establishing or changing the fee.
7. Utilizes Fund monies for reimbursement of costs incurred by ADOA to operate the Arizona Financial Information System.
8. Stipulates that Fund monies are subject to Legislative appropriation and exempt from lapsing.

#### *Annual Budgets*

9. Requires annual budget requests for all departments to specify expenditures and the amount of full-time equivalent positions by retirement system and fund source.
10. Allows appropriations to all departments to be limited to a single FY for FYs 2016 through 2018.

**HB 2674**

11. Requires the Governor to submit a budget for only the next FY to the Legislature within five days after the 52<sup>nd</sup> Legislature, 2<sup>nd</sup> Regular Session convenes in 2016.
12. Requires all departments to submit a budget estimate for only the next FY in calendar year 2015.

***Miscellaneous***

13. Deposits unrestricted federal monies received during FY 2016 into the state General Fund for payment of essential governmental services.
14. Sets the FY 2016 Capital Outlay Stabilization Fund rental rates for state-owned buildings at \$13.08 per square foot for office space and \$4.74 per square foot for storage space.
15. Suspends the requirement that the Legislature appropriate monies to and transfer monies from the Budget Stabilization Fund pursuant to statute for FYs 2016 through 2018.
16. Makes technical and conforming changes.





# HOUSE OF REPRESENTATIVES

HB 2675

government; budget reconciliation; 2015-2016

Sponsor: Representative Olson

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X Committee on Appropriations

Caucus and COW

House Engrossed

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## OVERVIEW

HB 2675 makes statutory changes to implement the fiscal year (FY) 2016 budget.

## PROVISIONS

1. Reimburses counties for costs associated with the Presidential Preference Election (PPE) at a rate of \$1.25 per registered voter (as of January 1 of that year). Allows the Secretary of State (SOS) to release the county from that reimbursement rate if the SOS determines that the rate would jeopardize the county's ability to comply with federal and state laws or regulations.
  - a. Laws 2012, Ch. 361 provided 100% reimbursement for county costs associated with the PPE. Previously, the reimbursement rate was \$1.25/registered voter.
2. Allows monies in the Camp Navajo Fund to be used to operate training and storage facilities at any National Guard training site.
  - a. Current law limits the use of monies to operations at Camp Navajo, located in Bellemont AZ. Camp Navajo is a 28,000 acre facility used by all the branches of the military, both active units and reserve. Monies in the Camp Navajo Fund come from federal fees for storage and use of Camp Navajo.
3. Transfers administration of the Arizona Commission of African-American Affairs (Commission) Fund from the State Treasurer to the Commission.
4. Renames the Southern Arizona Veterans' Cemetery Trust Fund to the Arizona State Veterans' Cemetery Trust Fund (Cemetery Fund). Expands the scope of the Cemetery Fund to provide for the management and maintenance of the Arizona Veterans' Memorial Cemeteries at both Camp Navajo and Marana, in addition to the Southern Arizona Veterans' Cemetery.
5. Eliminates the Journal of Arizona History Magazine Fund (Magazine Fund) within the Arizona Historical Society.
  - a. Pursuant to Arizona Revised Statutes (A.R.S.) § 41-824, the Arizona Historical Society publishes the Journal of Arizona History on a quarterly basis. Monies from subscriptions and other legislative appropriations go into the Magazine Fund.
6. Reduces the amount deposited into the Arizona Competes Fund (ACF) by \$5 million in FY 2016 and by \$10 million in subsequent FYs (new deposit is \$16.5 million in FY 2016 and \$11.5 million in subsequent FYs).
  - a. Pursuant to A.R.S. Title 41, Ch. 10, Article 5, the Arizona Commerce Authority administers the ACF. Grants from the ACF may be used for:

**HB 2675**

- i. Attracting, expanding or retaining Arizona basic enterprises;
  - ii. Supporting/advancing programs and projects for rural businesses, small businesses and business development that enhance economic development.
- b. Current law deposits \$21.5 million into the ACF each FY.





# HOUSE OF REPRESENTATIVES

HB 2676

environment; budget reconciliation; 2015-2016

Sponsor: Representative Olson

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X Committee on Appropriations

Caucus and COW

House Engrossed

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## OVERVIEW

HB 2676 makes statutory and session law changes related to the environment in order to reconcile the FY 2016 state budget.

## PROVISIONS

### *Trust Land Management Fund (Fund)*

1. Repeals and replaces the Fund with a conditional enactment stating the Fund will not be established unless the Arizona Constitution is amended by the voters (HCR 2038) at the 2016 general election to allow a portion of the annual proceeds of trust lands to be used for trust land management.

### *Yarnell Hill Memorial Fund*

2. Expands the use of the Yarnell Hill Memorial Fund to be used for purchasing, designing and constructing the memorial.

### *State Parks Board (ASPB)*

3. Continues to allow the ASPB to spend up to \$692,100 from its portion of the Off-Highway Vehicle Recreation Fund for agency operating costs.

### *Department of Environmental Quality (ADEQ)*

4. Continues to suspend the statutory administrative cap on the Underground Storage Tank Revolving Fund Assurance Account (Account) to allow ADEQ to transfer a combined total of \$6,531,000 from the Account and the Regulated Substance Fund for department administrative expenses.
5. Continues to reduce the annual GF statutory appropriation of \$15,000,000 to \$7,000,000 to the Water Quality Assurance Revolving Fund for FY 2016.
6. Continues to allow ADEQ to use up to \$1.8 million from the emissions inspection fund for the department's safe drinking water program.

### *Navigable Stream Adjudication Commission (ANSAC)*

7. Allows monies appropriated to the ANSAC from the Water Banking Fund to be used in FY 2015 and FY 2016 to pay for legal fees, retroactive to July 1, 2014.

### *Department of Water Resources (ADWR)*

8. Continues to allow the Water Protection Fund Commission to grant ADWR up to \$336,000 of the unobligated balance in the Water Protection Fund to pay for the department's administrative costs.
9. Authorizes ADWR to increase fees for services in FY 2016.

**HB 2676**

- a. States legislative intent limiting revenue generated from fees to \$100,200 and requires fee revenues to be deposited in the Water Resources Fund.
- b. Exempts ADWR from rule making for the purpose of establishing fees until July 1, 2016.





# HOUSE OF REPRESENTATIVES

HB2677

health; budget reconciliation; 2015-2016

Sponsor: Representative Olson

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X Committee on Appropriations

Caucus and COW

House Engrossed

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## OVERVIEW

HB 2677 is the health budget reconciliation bill for Fiscal Year (FY) 2016. The affected entities are the Arizona Department of Health Services (ADHS), the Arizona Health Care Cost Containment System (AHCCCS), counties and hospitals.

## PROVISIONS

### *ADHS*

1. Repeals Arizona Revised Statutes § 36-108.01 and reinstates § 36-108.01 establishing the following funds:
  - a. The Interagency Service Agreement for Behavioral Health Services Fund consisting of state and federal monies received by ADHS to provide behavioral health services;
  - b. The Intergovernmental Agreements for County Behavioral Health Services Fund consisting of county monies received by ADHS to provide behavioral health services to persons identified through agreements with the counties.
  - c. The Health Services Lottery Fund consisting of monies transferred from the state lottery for teenage pregnancy prevention programs, the health start program and the federal women, infants and children food program.
  - d. The Intergovernmental Agreements/Interagency Services Agreements Fund consisting of all monies received by ADHS through intergovernmental agreements, interagency services agreements and transfers between ADHS and other state and local entities.
    - i. ADHS must administer all the funds and monies in the funds are continuously appropriated.
2. Requires ADHS to report annually to the Joint Legislative Budget Committee (JLBC) on the revenues, expenditures and ending balances from the previous, current and subsequent FYs, of all the funds noted above.
3. Removes the requirement that ADHS submit a homeland security allocation and expenditure report to the Governor, the Legislature, the chairpersons of the Senate and House Appropriations committees and the co-chairpersons of Joint Legislative Committee on Border and Homeland Security.
4. Allows ADHS to use monies in the Health Research Account in an amount specified in the General Appropriations Act for Alzheimer's disease research.
5. Requires ADHS or the state agency that administers behavioral health services for this state, on or before December 31, 2016, to report to the directors of JLBC and the Governor's

Office of Strategic Planning and Budgeting (OSPB) on the efforts to increase third-party liability payments for behavioral health services.

*AHCCCS*

6. Specifies that AHCCCS and its contractors will provide remuneration in the amount of 68.59% of the ADHS established rates for ambulance services for persons enrolled in the AHCCCS program.
7. Requires AHCCCS to transfer to the counties such portion as may be necessary to comply with the Patient Protection and Affordable Care Act regarding the counties proportional share of the state's contribution on or before December 31, 2016 for FY 2016.
8. Allows AHCCCS to continue the risk contingency rate setting, at funding levels that were imposed for contract year beginning October 1, 2010 for all managed care organizations for the contract year beginning October 1, 2015 and ending September 30, 2016.
9. Permits AHCCCS to reduce payments up to 5% for all health care providers, excluding nursing facilities, developmental disability and home and community based health care providers, for rates effective October 1, 2015 through September 30, 2016.
10. Allows AHCCCS to reduce provider payments by less than the percentage specified if adjustments to capitation rates for changes in utilization for the period of October 1, 2015 through September 30, 2016 are less than the amounts appropriated in the General Appropriations Act to AHCCCS and ADHS for a 3% capitation rate increase in FY 2016.
11. Requires AHCCCS to pursue cost sharing requirements for members to the maximum extent allowable under federal law.
12. States, subject to approval by the Centers for Medicare and Medicaid Services (CMS), beginning January 1, 2016, AHCCCS must charge and collect from each enrolled person under Proposition 204 (2000):
  - a. A premium of 2% of the person's household income.
  - b. A copayment of \$8 for nonemergency use of an emergency room for the first incident and \$25 for each subsequent incident if the person is not admitted to the hospital. AHCCCS may not impose a copayment on a person who is admitted to the hospital by the emergency department.
  - c. A copayment of \$25 for nonemergency use of an emergency room for the first incident and \$25 for each subsequent incident if there is a community health center, rural health center or urgent care center within 20 miles of the hospital.
13. Subject to approval by CMS, beginning January 1, 2016, AHCCCS must collect from each enrolled person under the expansion population (2013):
  - a. A premium of 2% of the person's household income.
  - b. A copayment of \$25 for nonemergency use of an emergency room if the person is not admitted to the hospital. AHCCCS may not impose a copayment on a person who is admitted to the hospital by the emergency department.
  - c. A copayment of \$25 for nonemergency use of an emergency room if there is a community health center, rural health center or urgent care center within 20 miles of the hospital.
  - d. An exemption from providing non-emergency medical transportation services from October 1, 2015 through September 20, 2016.

14. Exempts, for purposes of implementing cost sharing, AHCCCS from the rulemaking requirements for one year after the effective date of this Act.
15. Allows AHCCCS to participate in any Special Disability Workload 1115 Demonstration Waiver offered by CMS and any credits must be used in the FY the credits are made available to fund the state share of any medical assistant expenditures that qualify for federal financial participation under the Medicaid program. AHCCCS must report the receipt of any credits to the Director of JLBC on or before December 31, 2015 and June 30, 2016.
16. Requires, on or before December 31, 2015, AHCCCS to report to the directors of the JLBC and OSPB on the use of emergency departments for nonemergency purposes by AHCCCS enrollees.
17. States it is the intent of the Legislature that for FY 2016, AHCCCS implement a program within the available appropriation.
18. Specifies that AHCCCS rate increases may not exceed 3% in FY 2016 and 1.5% in FY 2017 and 2018.

*Hospitals*

19. Provides that after the minimum disproportionate share (DSH) payments are made to hospitals that are eligible to receive qualifying DSH payments are matched through voluntary intergovernmental agreements, to the Arizona State Hospital (ASH) and to a special health care district, the allocations of DHS payments made must be made available first to qualifying private hospitals located outside of the Phoenix and Tucson metropolitan statistical area before being made available to qualifying private hospitals within the Phoenix and Tucson metropolitan statistical area.
20. Establishes the following DSH payments for FY 2015, retroactive to July 1, 2014:
  - a. Maricopa County Special Health Care District - \$105,945,500;
  - b. ASH - \$28,474,900; and
  - c. Private Qualifying DSH hospitals - \$9,284,800.
21. Establishes the following DSH payments for FY 2015-16:
  - a. Maricopa County Special Health Care District - \$113,818,500 ;
  - b. ASH - \$28,474,900; and
  - c. Private Qualifying DSH hospitals - \$884,800.

*Counties*

22. Sets the county Arizona Long Term Care System (ALTCS) contributions for FY 2016 at \$249,234,600.
23. Specifies that if the overall costs for the ALTCS line item exceeds the amount in the General Appropriations Act for FY 2016, the State Treasurer must collect from the counties the difference of the amount specified and the counties' share of the state's actual contribution.
24. Requires counties to reimburse ADHS 31% of the costs for the commitment of a sexually violent person and the county contributions are excluded from the county expenditure limitation.
25. Requires a city or county to reimburse ADHS for 100% of the costs of inpatient competency restoration treatment for FY 2016 and the county contributions are excluded from the county expenditure limitations.

**HB2677**

26. Sets the County Acute Care Contribution at \$47,233,500 for FY 2016 and states it is the intent of the Legislature that the Maricopa County contribution be reduced to reflect changes in the GDP price deflator.
27. Sets the amount of \$2,646,200 to be collected from the counties, other than Maricopa, for the county contribution for hospitalization and medical care services administered by AHCCCS. Specifies the county contributions are excluded from the county expenditure limitations.
28. Continues to exclude the Proposition 204 administration costs from the county expenditure limitation.

***ADHS and AHCCCS***

29. Requires the Directors of ADHS and AHCCCS to jointly submit a report on hospital charge master transparency to the Governor, the Legislature and provide a copy to the Secretary of State.

**ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature - First Regular Session**

**ROLL CALL VOTE**

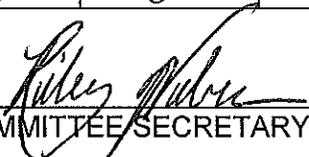
COMMITTEE ON APPROPRIATIONS BILL NO. HB 2677

DATE March 5, 2015 MOTION: dp

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J		✓			
Mr. Bowers		✓			
Mr. Cardenas			✓		
Mr. Clark			✓		
Mr. Gray		✓			
Ms. Mach			✓		
Mr. Meyer			✓		
Mr. Petersen		✓			
Mr. Rivero		✓			
Mr. Sherwood			✓		
Mr. Stevens					✓
Mrs. Ugenti		✓			
Mr. Leach, Vice-Chairman		✓			
Mr. Olson, Chairman		✓			
		8	5	0	1

APPROVED:

  
 JUSTIN OLSON, Chairman  
 VINCE LEACH, Vice-Chairman

  
 COMMITTEE SECRETARY

ATTACHMENT 15



# HOUSE OF REPRESENTATIVES

HB 2679

higher education; budget reconciliation; 2015-2016

Sponsor: Representative Olson

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X Committee on Appropriations

Caucus and COW

House Engrossed

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## OVERVIEW

HB 2679 makes statutory and session law changes related to postsecondary education and the implementation of the Fiscal Year (FY) 2015-16 state budget.

## PROVISIONS

### *Community Colleges*

1. Specifies that any community college district located within a county with a population of 350,000 people or more is ineligible to receive state aid for science, technology, engineering and mathematics and workforce programs.
2. Limits community college district state aid eligibility to those residing in a county with a population of less than 350,000 people.

### *Commission for Private Postsecondary Education (Commission)*

3. Authorizes the Commission to use monies received under the Arizona Private Postsecondary Education Student Financial Assistance Program (PFAP) for administration of:
  - a. The PFAP; and
  - b. The Postsecondary Education Grant Program (PEG).
4. Allows the Commission to contract with third-party vendors to collect student loan repayments under the PEG.

### *Universities*

5. As session law, suspends the requirement that the Legislature provide a 2:1 match for every dollar of student registration fees deposited into the Arizona Financial Aid Trust Fund.
  - a. This provision has been suspended since FY 2008-09.

Attachment 16





# HOUSE OF REPRESENTATIVES

HB 2680

criminal justice; budget reconciliation; 2015-2016

Sponsors: Representative Olson

X Committee on Appropriations

Caucus and COW

House Engrossed

## OVERVIEW

HB 2680 makes statutory and session law changes related to the criminal justice system necessary to implement the FY 2016 state budget.

## PROVISIONS

### *Department of Corrections (ADC)*

1. Allows ADC to offset payments owed in the current fiscal year to the department's health care contractor by the amount of state and federal monies paid by the Arizona Health Care Cost Containment System for health care services on behalf of Medicaid-eligible inmates, regardless of the dates of service.
  - a. Requires the director, on or before July 1 of each year, to notify the directors of the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting of the amount of credits against payments for the previous fiscal year.
2. Requires ADC to report actual FY 2015, estimated FY 2016 and requested FY 2017 expenditures in the same structure and detail as the prior fiscal year when the department submits its FY 2017 budget request.
3. Requires ADC to award a contract or contracts to open up to 1,000 beds on July 1, 2016 pursuant to a Request for Proposals (RFP) issued by ADC for up to 2,000 medium security prison beds at new or existing contracted bed facilities or expansions of contracted bed facilities in this state under the authority of A.R.S. § 41-1609.
4. Allows ADC to award a contract or contracts for the remaining male medium security prison beds under the RFP only if specific legislative authorization for the award is provided.
5. Repeals Laws 2012, chapter 302, section 27, requiring ADC to award a contract to open up prison beds.
6. Repeals Laws 2014, chapter 12, section 10, allowing ADC to award a contract for medium security prison beds, only if specific legislative authorization for the award is provided.

### *Department of Juvenile Corrections (DJC)*

7. Prohibits the commitment of a child under the age of 14 to the DJC.
8. Prohibits the commitment of a child to the DJC who is adjudicated delinquent for an offense that is not a felony.
9. Makes a conforming change by revising the age in regard to the definition of *committed youth* or *youth* to mean a person who is 14 years of age, rather than 8 years of age.

Fifty-second Legislature  
First Regular Session

March 5, 2015

Attachment 18

**HB 2680**

10. Requires DJC to develop an annual plan for the per diem cost for the confinement of committed youth and submit the plan to the JLBC for review.
11. Requires DJC, after receiving the JLBC review of the per diem plan, to annually submit a request for monies to the county that adjudicated the youth who is confined for the previous year's costs, equal to 25 percent of the aggregate number of days in which the youth was confined multiplied by the reviewed per diem plan.
12. Directs counties to pay monies owed within 30 days after a request from the department.
  - a. Requires the director to notify the state treasurer if a county does not make the payment.
  - b. Requires the state treasurer to withhold the amount, including any additional interest, from transaction privilege tax revenues that would otherwise be distributed to the county.
  - c. Requires the department and the state treasurer to deposit monies received or withheld into the Juvenile Corrections Local Cost Sharing Fund.
13. Specifies that county contributions related to the confinement of committed youth are excluded from the county expenditure limitations.
14. Establishes the Juvenile Corrections Local Cost Sharing Fund.
  - a. DJC administers the fund.
  - b. Consists of each county's 25 percent contribution of the total cost for the confinement of committed youth.
  - c. Specifies that the fund is subject to legislative appropriation and monies are to be used for DJC operating costs.

***Department of Public Safety (DPS)***

15. Continues to suspend the statutory caps and transfers of the Arizona Highway User Revenue Fund monies available to fund DPS highway patrol costs in FY 2016.
16. Requires DPS to submit the Gang and Immigration Intelligence Team Enforcement Mission Border Security and Law Enforcement subaccount's entire expenditure plan to the JLBC for review prior to spending any money appropriated from the subaccount by the General Appropriations Act in FY 2016.
17. Allows DPS to use monies in the State Aid to Indigent Defense Fund for operating expenses.

***Judiciary***

18. Suspends county non-supplanting requirements related to funding for processing criminal cases, alternative dispute resolution programs and the superior court adult probation programs and services.
  - a. Requires the Arizona Supreme Court to submit a report to the JLBC identifying any decrease in county funding related to these suspended provisions, including the reasons for the decrease.

***Attorney General (AG)***

19. Permits the AG to use monies in the State Aid to Indigent Defense Fund for activities related to capital postconviction prosecution.

***Miscellaneous***

20. Provides a legislative intent and an applicability clause.

**ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature - First Regular Session**

**ROLL CALL VOTE**

COMMITTEE ON APPROPRIATIONS BILL NO. HB 2680

DATE March 5, 2015 MOTION: dp

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J		✓			
Mr. Bowers		✓			
Mr. Cardenas			✓		
Mr. Clark			✓		
Mr. Gray		✓			
Ms. Mach			✓		
Mr. Meyer			✓		
Mr. Petersen		✓			
Mr. Rivero		✓			
Mr. Sherwood			✓		
Mr. Stevens					✓
Mrs. Ugenti		✓			
Mr. Leach, Vice-Chairman		✓			
Mr. Olson, Chairman		✓			
		8	5	0	1

APPROVED:

  
 JUSTIN OLSON, Chairman  
 VINCE LEACH, Vice-Chairman

  
 COMMITTEE SECRETARY

ATTACHMENT 19



# HOUSE OF REPRESENTATIVES

HB2681

human services; budget reconciliation; 2015-2016

Sponsor: Representative Olson

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X Committee on Appropriations

Caucus and COW

House Engrossed

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## OVERVIEW

HB 2681 is the human services budget reconciliation bill for Fiscal Year (FY) 2016. The affected entities are the Arizona Department of Child Safety (DCS), the Arizona Department of Economic Security (ADES) and the Office of the Auditor General (OAG).

## PROVISIONS

1. Modifies the definition of *intermediate care facility* to include private state licensed facilities and removes the requirement that the facilities be licensed or under contract with ADES on or before July 1, 1988.
2. Specifies that all monies in the Long-term Care System Fund from capitated payments that are unexpended and unencumbered at the end of the fiscal year revert to the state General Fund (GF) on or before June 30 of the following fiscal year.
3. Reduces the length of time a needy family may receive cash assistance from 24 months to 12 months and makes necessary statutory adjustments.
4. Requires cash assistance to terminate on July 1, 2016 for any family, without regard to whether the family meets the financial criteria established for a needy family, that has received 12 or more months of cash assistance.
5. Allows ADES, in FY 2016, to reduce maximum income eligibility levels for child care assistance in order to manage within appropriated and available monies. ADES must notify the Joint Legislative Budget Committee (JLBC) of any change in the maximum income eligibility levels for child care assistance within 15 days after implementing the change.
6. Directs for FY 2016, ADES to screen and test each adult recipient eligible for Temporary Assistance for Needy Families cash benefits that ADES has reasonable cause to believe engages in the use of controlled substances. Any recipient that tests positive for a controlled substance that is not prescribed by a health care provider is not eligible to receive benefits for a period of one year.
7. Requires the OAG to provide to the Governor, the Legislature and the directors of JLBC and the Governor's Office of Strategic Planning and Budgeting the following reports:
  - a. Child removal process by September 30, 2015.
  - b. The use of a differential response system and case screening by March 31, 2016.
  - c. Permanency practices for children in out-of-home care by March 31, 2016.

**HB2681**

8. Mandates that the Arizona Early Childhood Development and Health Board and DCS submit a joint report to JLBC on their collaborative efforts to address child welfare issues of concern.
9. Contains an effective date of July 1, 2016 for the cash assistance provisions.





# HOUSE OF REPRESENTATIVES

HB 2682

agency consolidation; budget reconciliation; 2015-2016

Sponsors: Representative Olson

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X Committee on Appropriations

Caucus and COW

House Engrossed

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## OVERVIEW

HB 2682 is the 2016 agency consolidation budget reconciliation bill.

## PROVISIONS

### *Department of Racing/Gaming*

1. Merges the Department of Racing into the Department of Gaming (Department).
2. Establishes the Division of Racing and the Division of Boxing and Mixed Martial Arts Regulation under the jurisdiction of the Department.

### *State Board of Appraisal/Department of Financial Institutions*

3. Establishes the State Board of Appraisal as a division within the Department of Financial Institutions (Department).
4. Defines *Superintendent* as the Superintendent of Financial Institutions.

### *Department of Racing/Gaming Session Law*

#### *State Board of Appraisal/Department of Financial Institutions Session Law*

5. States that the Department succeeds to the authority, powers, duties and responsibilities of the agencies.
6. Specifies that any actions or obligations taken prior to the merger are not affected or impaired.
7. Declares that all adopted rules and orders continue to be in effect until they are replaced by the Department through administrative action. Further, until the Department takes administrative action, all rules and orders are considered to refer to the Department.
8. States that all of the following actions of the agencies are transferred to and retain the same status with the designated Department:
  - a. Administrative matters;
  - b. Contracts; and
  - c. Judicial and quasi-judicial actions.
9. States that all of the following issued by the agencies will retain their validity for the duration of their lawful terms: certificates; licenses; registrations; permits; and other indicia of qualification of authority.
10. Transfers the following to the appropriate Department:
  - a. Tangible and intangible property and assets;
  - b. All data and investigative findings; and

c. All appropriated monies if unexpended and unencumbered.

11. Ensures that all personnel under the state personnel system are transferred to comparable positions and pay classifications within the Department.
12. Contains an effective date of July 1, 2015 or the general effective date, whichever comes later.

***Behavioral Health Services Session Law (effective July 1, 2016)***

13. Transfers the provision of behavioral health services from the Arizona Department of Health Services to the Arizona Health Care Cost Containment Services (AHCCCS).
14. States that as of July 1, 2016, AHCCCS administration succeeds to the authority, powers, duties and responsibilities of the Division of Behavioral Health Services (Division).
15. Specifies that any actions or obligations of the Division taken before July 1, 2016 are not altered or impaired.
16. Maintains that all rules and orders adopted by the Division continue to be in effect until they are replaced by AHCCCS through administrative action.
17. States that all of the following actions of the Division on July 1, 2016 are transferred to and retain the same status with AHCCCS:
  - a. Administrative matters;
  - b. Contracts; and
  - c. Judicial and quasi-judicial actions.
18. States that all of the following issued by the Division will retain their validity for the duration of their terms of validity:
  - a. Certificates;
  - b. Licenses;
  - c. Registrations;
  - d. Permits; and
  - e. Other indicia of qualification of authority.
19. Specifies that the following Division property and assets are transferred to AHCCCS:
  - a. Tangible and intangible property and assets;
  - b. All data and investigative findings; and
  - c. All appropriated monies if unexpended and unencumbered on July 1, 2016.
20. Ensures that all personnel under the state personnel system who are employed by the Division are transferred to comparable positions and pay classifications in AHCCCS.

***Miscellaneous***

21. Directs Legislative Council Staff to prepare proposed legislation, to be considered by the Legislature, to conform the statutes to the provisions of this bill.
22. Repeals Arizona Revised Statutes § 32-3604, relating to the make-up of the nine member State Board of Appraisal.
23. Makes technical and conforming changes.





# HOUSE OF REPRESENTATIVES

HB 2683

K-12 education; budget reconciliation; 2015-2016

Sponsor: Representative Olson

X Committee on Appropriations

Caucus and COW

House Engrossed

## OVERVIEW

HB 2683 makes statutory and session law changes related to K-12 education and the implementation of the Fiscal Year (FY) 2016 state budget.

## PROVISIONS

### *School Funding*

1. As permanent law, increases the school district Transportation Support Level per route mile formula by 1.6%.
2. As permanent law, increases the Base Level amount for FY 2016 by 1.6% from \$3,373.11 to \$3,426.74 per-student.
3. As permanent law, defines *student count* to mean current year Average Daily Membership (ADM) rather than prior year, beginning July 1, 2016.

### *District Additional Assistance (DAA)*

4. As session law, directs the Arizona Department of Education (ADE) to reduce the amount of Basic State Aid (BSA) by \$352,442,700 that otherwise would be apportioned to school districts for FY 2016 as DAA and requires school district budget limits to be reduced accordingly.
  - a. Directs ADE to reduce DAA for school districts that are not eligible to receive BSA funding by the amount that would be reduced if the district was eligible for BSA funding and reduce the school district's budget limits accordingly.
  - b. Declares that it is the intent of the Legislature that at least \$113,457,200 of the DAA reduction be through reductions in non-classroom spending.
    - i. Directs the superintendent or the chief executive officer and the school finance officer of each school district to certify that the district's prorated share of the DAA reduction has come from reductions in non-classroom spending.
5. As session law, caps the sum of DAA reductions in FY 2016 for school districts with a student count of less than 1,100 at \$5 million.

### *Charter Additional Assistance (CAA)*

6. As permanent law, increases CAA by 1.6% to the following amounts:
  - a. For students in preschool programs for children with disabilities and grades K-8 from \$1,707.77 to \$1,734.92.
  - b. For students in grades 9-12 from \$1,990.38 to \$2,022.02.

7. As session law, requires ADE to reduce the amount of CAA by \$18,656,000 that otherwise would be apportioned to charter schools for FY 2016 and requires budget limits to be reduced accordingly.
  - a. Directs the reduction to be made on a proportional basis based on the CAA funding that each charter school would have received without the prescribed reduction.
  - b. Reduces CAA funding for a school district that is not eligible to receive BSA funding by the amount that it would have been reduced by if the district was eligible for BSA and requires the school district's budget limits to be reduced accordingly.
  - c. Declares that it is the intent of the Legislature that at least \$3 million of the CAA reduction be through reductions in non-classroom spending.
    - i. Directs the superintendent or the chief executive officer and the school finance officer of each charter school to certify that the school's prorated share of the CAA reduction has come from reductions in non-classroom spending.

***Joint Technical Education Districts (JTEDs)***

8. As session law, funds JTEDs with a student count of more than 2,000 at 95.5% of what would otherwise be provided by law for FY 2016 and requires ADE to reduce budget limits accordingly.
9. As permanent law, determines that the Base Support Level funding that a charter or district school and a JTED receive for concurrently enrolled students is 92.5% of the amount that otherwise would be received, beginning in FY 2017.

***School Emergency Pilot Program (Program)***

10. As session law, indicates that the \$3,646,400 appropriation to ADE for the School Safety Program for FY 2016 includes \$100,000 for the Program.
11. Requires school districts to submit applications to ADE to participate in the Program by September 30, 2015, and directs ADE to select three school districts to participate by November 30, 2015.
12. Prohibits participating school districts from collectively consisting of more than 31 individual school sites.
13. Stipulates that the school districts must consist of:
  - a. One school district located in a county with less than 100,000 people.
  - b. One school district located in a county with between 100,000 and 800,000 people.
  - c. One school district located in a county with 800,000 people or more.
14. Requires participating school districts to be provided a readiness and emergency management program that incorporates the following:
  - a. Education specific emergency management software that complies with the National Emergency Information Management System. All plans and critical emergency readiness information must be accessible both online and off-line through mobile device apps.
  - b. Training of teachers and administrators in the readiness and emergency management program.
  - c. The development, implementation and maintenance of a comprehensive crisis for the school districts and their teachers and administrators.
15. Directs ADE to submit a report that summarizes the results of the Program to the Governor, the President of the Senate and the Speaker of the House of Representatives and provide a copy to the Secretary of State by November 1, 2016.

*Education Learning and Accountability Fund*

16. As session law, requires each community college district and university under the jurisdiction of the Arizona Board of Regents to transmit \$6 per full-time student equivalent to ADE for deposit in the Education Learning and Accountability Fund by December 31, 2015.

*Access Our Best Public Schools Fund*

17. As permanent law, establishes the Access Our Best Public Schools Fund consisting of appropriated monies, grants, gifts, devises and donations from public or private sources.
- a. Directs the School Facilities Board (SFB) to administer the fund.
  - b. Determines monies in the fund to be subject to legislative appropriation and available to public schools that are members of the Arizona Public School Achievement District to construct new school facilities or expand existing facilities.
  - c. Requires at least 50% of the monies to be used in low socioeconomic areas.

*Charter Schools*

18. As permanent law, removes the authority for a school district to sponsor a charter school and deletes statutory references to school district sponsored charter schools.
19. As permanent law, specifies than an applicant for a charter school may not submit an application to any person or entity other than those authorized by statute.
20. As permanent law, prohibits a charter school affiliated with a charter holder operating more than one charter school, as determined by ADE, from receiving small school weights.
- a. Permits a charter school affiliated with a charter holder that operates multiple charter schools to receive 50% of the small school weights in FY 2016.
21. As session law, permits a school district sponsored charter school to continue to operate through June 30, 2015.
22. Repeals session law relating to the ADM of school district sponsored charter schools that became operational prior to FY 2014.

*SFB*

23. As permanent law, requires SFB, rather than ADE, to annually publish and make available a list of vacant and unused state or school district buildings to charter schools and charter school applicants.
- a. Requires the list to contain any pertinent information related to the vacancy of the building.
  - b. Directs SFB to annually submit the list to the Governor, Speaker of the House of Representatives and President of the Senate and provide a copy to the Secretary of State.
24. As permanent law, requires SFB to annually report to the Joint Legislative Budget Committee by January 1 on all school district Class B bond approvals by in the year.
- a. Directs each school district to annually report Class B bond approvals to SFB by December 1.
25. As session law, permits SFB to enter into a refinancing or refunding agreement in FY 2016 that reduces SFB's lease purchase payments by a combined total of at least \$14 million in FYs 2016 through 2024.
- a. Prohibits SFB's lease purchase payment reductions from varying by more than \$1 million in a single FY during this period.
  - b. Requires any refinancing or refunding agreement to be submitted to the Joint Committee on Capital Review prior to being entered into.

*Additional State Aid for Education*

26. As permanent law, determines the maximum amount of Additional State Aid for Education to be \$1 million per county, beginning in FY 2016.
  - a. Requires the Property Tax Oversight Commission (Commission) to determine the proportion of the violation of the Constitution attributable to each taxing jurisdiction within the affected school districts in counties that would otherwise receive more than the cap.
  - b. Directs the Commission to determine an amount that each taxing jurisdiction within the affected school district is required to transfer to the affected school district to compensate the district for the pro rata share of the reduction in Additional State Aid funding.
  - c. Requires the Commission to assume a proportion of zero for any taxing jurisdiction that has a tax rate that is equal to or less than the tax rate of peer jurisdictions, when determining the proportion of the constitutional violation that is attributable to each taxing jurisdiction.

*Miscellaneous*

27. Repeals the Student Success Fund.
28. Makes technical and conforming changes.





# HOUSE OF REPRESENTATIVES

HCR 2038

trust land management; budget reconciliation

Sponsor: Representative Olson

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X Committee on Appropriations

Caucus and COW

House Engrossed

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## OVERVIEW

HCR 2038 proposes an amendment to the Arizona Constitution allowing 10% of annual proceeds from state trust lands to be used for trust land management.

## HISTORY

Laws 2009, 3<sup>rd</sup> Special Session, Chapter 5 established the Trust Land Management Fund (TLMF) consisting of up to 10% of the annual proceeds of state trust lands, including the sale of timber, mineral, gravel or other natural products. Arizona Revised Statutes (A.R.S.) § 37-527 authorizes the State Land Commissioner (Commissioner) to determine the percentage of proceeds to be deposited in the TLMF each year and requires the percentage to be the same for all beneficiaries. Additionally, statute requires the Commissioner to administer the fund and notify the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting of the percentage on or before September 1 of the preceding fiscal year.

On November 10, 2011, the Arizona Court of Appeals ruled on the case of Rumery v. Baier, holding that A.R.S. § 37-527 violated Article 10, Section 7, as well as Article 4, Part 1, Section 1(6)(D), of the Arizona Constitution. The court also held the "appropriation of proceeds from state trust lands for trust administrative expenses clearly diverts money from the permanent state school fund specified in A.R.S. § 37-521," and the Legislature's doing so without a three-quarters vote violated the voter-protection provisions.

Section 28 of the Enabling Act states "[d]isposition of any said lands, or of any money or thing of value directly or indirectly derived therefrom, for any object other than for such particular lands, or the lands from which such money or thing of value shall have been derived, were granted or confirmed, or in any manner contrary to the provisions of this Act, shall be deemed a breach of trust" (June 20, 1910, c. 310, 36 Stat. 557, 568-579).

## PROVISIONS

1. Proposes an amendment to the Arizona Constitution allowing not more than 10% of the annual proceeds from state trust lands and proceeds from natural products derived from trust lands to be used for trust land management.
2. Makes technical and conforming changes.

