

State of Arizona
House of Representatives
Fifty-second Legislature
First Regular Session
2015

HOUSE BILL 2647

AN ACT

REPEALING TITLE 12, CHAPTER 6, ARTICLE 14, ARIZONA REVISED STATUTES; AMENDING THE ARIZONA REVISED STATUTES BY ADDING TITLE 18; PROVIDING FOR TRANSFERRING AND RENUMBERING; AMENDING SECTIONS 18-104 AND 18-105, ARIZONA REVISED STATUTES; AMENDING TITLE 18, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 18-204; AMENDING TITLE 18, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING ARTICLES 2, 3 AND 4; AMENDING SECTION 18-443, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING TITLE 18, CHAPTER 4, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 18-445 AND 18-446; AMENDING SECTIONS 18-501, 18-502, 18-504, 18-541, 18-542, 18-543 AND 18-544, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING SECTIONS 28-2065, 33-1701, 36-3802, 38-543, 38-544, 41-121, 41-352, 41-1277, 41-1504, 41-2513, 41-3016.06, 44-7011, 44-7041, 44-7042 AND 47-9525, ARIZONA REVISED STATUTES; AMENDING LAWS 2006, CHAPTER 232, SECTION 3; RELATING TO INFORMATION TECHNOLOGY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
 2 Section 1. Repeal
 3 Title 12, chapter 6, article 14, Arizona Revised Statutes, is repealed.
 4 Sec. 2. The Arizona Revised Statutes are amended by adding title 18,
 5 to read:

6 TITLE 18
 7 INFORMATION TECHNOLOGY
 8 CHAPTER 1
 9 GOVERNMENT INFORMATION TECHNOLOGY
 10 ARTICLE 1. GENERAL PROVISIONS
 11 ARTICLE 2. INFORMATION TECHNOLOGY AUTHORIZATION COMMITTEE
 12 ARTICLE 3. ALTERNATIVE ACCESS TO ELECTRONIC OR INFORMATION TECHNOLOGY
 13 CHAPTER 2
 14 NETWORK ACCESS
 15 ARTICLE 1. ACCEPTABLE USE POLICY
 16 ARTICLE 2. UNIFORM RESOURCE LOCATOR STANDARDS
 17 ARTICLE 3. ENCRYPTION STANDARDS
 18 ARTICLE 4. DATA REFERENCE STANDARDS
 19 CHAPTER 3
 20 GOVERNMENTAL REPORTING OF INFORMATION
 21 ARTICLE 1. GENERAL PROVISIONS
 22 CHAPTER 4
 23 NETWORK SERVICES
 24 ARTICLE 1. GENERAL PROVISIONS
 25 ARTICLE 2. DEPARTMENT OF ADMINISTRATION
 26 ARTICLE 3. SECRETARY OF STATE
 27 CHAPTER 5
 28 NETWORK SECURITY
 29 ARTICLE 1. COMPUTER SPYWARE
 30 ARTICLE 2. GOVERNMENT ANTI-IDENTIFICATION PROCEDURES
 31 ARTICLE 3. INTERNET REPRESENTATIONS

32 Sec. 3. Transfer and renumber
 33 A. Title 41, chapter 32, Arizona Revised Statutes, is transferred and
 34 renumbered for placement in title 18, Arizona Revised Statutes, as added by
 35 this act, as chapter 1. Title 41, chapter 32, articles 1, 2 and 3, Arizona
 36 Revised Statutes, are transferred and renumbered for placement in title 18,
 37 chapter 1, Arizona Revised Statutes, as added by this act, as articles 1, 2
 38 and 3, respectively. The following sections are transferred and renumbered
 39 for placement in title 18, chapter 1, article 1:

	<u>Former Sections</u>	<u>New Sections</u>
40	41-3501	18-101
41	41-3502	18-102
42	41-3503	18-103
43	41-3504	18-104
44	41-3507	18-105
45		

1 The following section is transferred and renumbered for placement in
2 title 18, chapter 1, article 2:

<u>Former Section</u>	<u>New Section</u>
41-3521	18-121

5 The following sections are transferred and renumbered for placement in
6 title 18, chapter 1, article 3:

<u>Former Sections</u>	<u>New Sections</u>
41-3531	18-131
41-3532	18-132

10 B. The following sections are transferred and renumbered for placement
11 in title 18, chapter 2, article 1:

<u>Former Sections</u>	<u>New Sections</u>
41-4151	18-201
41-4152	18-202
41-4153	18-203

16 C. Title 41, chapter 46, Arizona Revised Statutes, is transferred and
17 renumbered for placement in title 18, Arizona Revised Statutes, as added by
18 this act, as chapter 3. Title 41, chapter 46, article 1, Arizona Revised
19 Statutes, is transferred and renumbered for placement in title 18, chapter 3,
20 Arizona Revised Statutes, as added by this act, as article 1. The following
21 sections are transferred and renumbered for placement in title 18, chapter 3,
22 article 1:

<u>Former Sections</u>	<u>New Sections</u>
41-4601	18-301
41-4602	18-302
41-4603	18-303
41-4604	18-304

28 D. The following sections are transferred and renumbered for placement
29 in title 18, chapter 4, article 1:

<u>Former Sections</u>	<u>New Sections</u>
41-3505	18-401
41-3508	18-402

33 The following sections are transferred and renumbered for placement in
34 title 18, chapter 4, article 2:

<u>Former Sections</u>	<u>New Sections</u>
41-3506	18-421
41-5101	18-422

38 The following sections are transferred and renumbered for placement in
39 title 18, chapter 4, article 3:

<u>Former Sections</u>	<u>New Sections</u>
41-127	18-441
41-132	18-442
41-134	18-443

1 Section 38-542, Arizona Revised Statutes, as amended by Laws 2011,
2 chapter 332, section 27, is transferred and renumbered for placement in title
3 18, chapter 4, article 3, Arizona Revised Statutes, as section 18-444.
4 Section 38-542, Arizona Revised Statutes, as amended by Laws 2014, chapter
5 149, section 1, is transferred and renumbered for placement in title 18,
6 chapter 4, article 3, Arizona Revised Statutes, as section 18-444.

7 E. The following sections are transferred and renumbered for placement
8 in title 18, chapter 5, article 1:

	<u>Former Sections</u>	<u>New Sections</u>
9		
10	44-7301	18-501
11	44-7302	18-502
12	44-7303	18-503
13	44-7304	18-504

14 The following sections are transferred and renumbered for placement in
15 title 18, chapter 5, article 2:

16	41-4171	18-521
17	41-4172	18-522

18 The following sections are transferred and renumbered for placement in
19 title 18, chapter 5, article 3:

20	44-7201	18-541
21	44-7202	18-542
22	44-7203	18-543
23	44-7204	18-544
24	44-7501	18-545

25 Sec. 4. Heading repeal

26 A. The following chapter headings are repealed:

- 27 1. Title 41, chapter 39, Arizona Revised Statutes.
- 28 2. Title 41, chapter 51, Arizona Revised Statutes.
- 29 3. Title 44, chapter 29, Arizona Revised Statutes.
- 30 4. Title 44, chapter 30, Arizona Revised Statutes.
- 31 5. Title 44, chapter 32, Arizona Revised Statutes.

32 B. The following article headings are repealed:

- 33 1. Title 41, chapter 39, article 1, Arizona Revised Statutes.
- 34 2. Title 41, chapter 39, article 2, Arizona Revised Statutes.
- 35 3. Title 41, chapter 51, article 1, Arizona Revised Statutes.
- 36 4. Title 44, chapter 29, article 1, Arizona Revised Statutes.
- 37 5. Title 44, chapter 30, article 1, Arizona Revised Statutes.
- 38 6. Title 44, chapter 32, article 1, Arizona Revised Statutes.

39 Sec. 5. Section 18-104, Arizona Revised Statutes, as transferred and
40 renumbered, is amended to read:

41 18-104. Powers and duties of the department; violation;
42 classification

43 A. The department shall:

- 44 1. Develop, implement and maintain a coordinated statewide plan for
45 information technology. This includes:

- 1 (a) Adopting statewide technical, coordination and security standards
2 for information technology.
- 3 (b) Serving as statewide coordinator for information technology
4 resources.
- 5 (c) Developing a statewide disaster recovery plan.
- 6 (d) Developing a list of approved department projects by priority
7 category.
- 8 (e) Developing a detailed list of information technology assets THAT
9 ARE owned, leased or employed by this state.
- 10 (f) Evaluating and either approving or disapproving budget unit
11 information technology plans. Budget units shall submit information
12 technology plans that include quality assurance plans and disaster recovery
13 plans to the department each year on or before September 1. The legislative
14 and judicial departments of state government shall submit information
15 technology plans for information purposes.
- 16 (g) Evaluating specific information technology projects relating to
17 the approved budget unit and statewide information technology plans. The
18 department shall approve or reject projects with total costs of at least
19 twenty-five thousand dollars but not more than one million dollars and may
20 establish conditional approval criteria, including procurement purchase
21 authority. If the total project costs exceed one million dollars, the
22 department shall evaluate the project and make recommendations to the
23 committee. If the total project costs exceed five million dollars, the
24 department shall require the budget unit to contract with an independent
25 third party for review of and guidance on the technology approach, scope,
26 estimated cost, timeline for completion and overall feasibility of the
27 project before making recommendations to the committee. As part of a budget
28 request for an information technology project that has total costs of at
29 least twenty-five thousand dollars, a budget unit shall indicate the status
30 of review by the department. Projects shall not be artificially divided to
31 avoid review by the department.
- 32 (h) EVALUATING ALL INFORMATION TECHNOLOGY SOFTWARE DEVELOPMENT FOR
33 BUDGET UNITS. A BUDGET UNIT SHALL DO ONE OF THE FOLLOWING:
- 34 (i) PURCHASE COMMERCIAL OFF-THE-SHELF SOFTWARE FROM A RETAIL PROVIDER.
- 35 (ii) IF COMMERCIAL OFF-THE-SHELF SOFTWARE IS NOT AVAILABLE, PURCHASE
36 ANY SOFTWARE THAT IS DEVELOPED BY A THIRD PARTY OR DEVELOP IN-HOUSE SOFTWARE
37 FOR ANY BUDGET UNIT TO USE.
- 38 (iii) IF THE PURCHASE OR DEVELOPMENT OF SOFTWARE IS NOT FEASIBLE UNDER
39 ITEM (i) OR (ii) OF THIS SUBDIVISION, CONTRACT WITH AN INDEPENDENT THIRD
40 PARTY FOR ALL NEW SOFTWARE DEVELOPMENT. THE BUDGET UNIT MAY USE ONLY
41 IN-HOUSE STAFF TO MODIFY ANY CURRENT SOFTWARE PRODUCTS ON NONLEGACY SYSTEMS.
42 FOR THE PURPOSES OF THIS ITEM, "NONLEGACY SYSTEMS" MEANS A SYSTEM THAT WAS
43 DEVELOPED WITHIN THE PAST SEVEN YEARS.
- 44 2. Require that budget units incorporate a life-cycle analysis into
45 the information technology planning, budgeting and procurement processes.

1 3. Require that budget units demonstrate expertise to carry out
2 information technology plans, either by employing staff or contracting for
3 outside services.

4 4. Monitor information technology projects that the department
5 considers to be major or critical, including expenditure and activity reports
6 and periodic review.

7 5. Temporarily suspend the expenditure of monies if the department
8 determines that the information technology project is at risk of failing to
9 achieve its intended results or does not comply with the requirements of this
10 section.

11 6. Continuously study emergent technology and evaluate its impact on
12 this state's system.

13 7. Advise each budget unit as necessary and report to the committee on
14 an annual basis.

15 8. Provide to budget units information technology consulting services
16 it deems necessary, either directly or by procuring outside consulting
17 services.

18 9. Maintain all otherwise confidential information received from a
19 budget unit pursuant to this section as confidential.

20 10. Provide staff support to the committee.

21 11. Subject to section 35-149, accept, spend and account for grants,
22 monies and direct payments from public or private sources and other grants of
23 monies or property for the conduct of programs that it deems consistent with
24 the government information technology purposes and objectives of the
25 department.

26 12. Adopt rules it deems necessary or desirable to further the
27 government information technology objectives and programs of the department.

28 13. Formulate policies, plans and programs to effectuate the
29 government information technology purposes of the department.

30 14. Advise and make recommendations to the governor and the
31 legislature on all matters concerning its objectives.

32 15. Contract and enter into interagency and intergovernmental
33 agreements pursuant to title 11, chapter 7, article 3 with any public or
34 private party.

35 16. Have an official seal that shall be judicially noticed.

36 17. On or before December 31, 2015, establish an interactive online
37 directory of codes, rules, ordinances, if available electronically, and
38 statutes to assist individuals and businesses with regulatory requirements
39 and obligations. As provided in this paragraph, counties, municipalities and
40 budget units shall submit information in a manner and format prescribed by
41 the agency.

42 B. The department shall advise the judicial and legislative branches
43 of state government concerning information technology.

1 C. The department may examine all books, papers, records and documents
2 in the office of any budget unit and may require any state officer of the
3 budget unit to furnish information or statements necessary to carry out this
4 chapter.

5 D. The director, any member of the director's staff or any employee
6 who knowingly divulges or makes known in any manner not permitted by law any
7 particulars of any confidential record, document or information is guilty of
8 a class 5 felony.

9 Sec. 6. Section 18-105, Arizona Revised Statutes, as transferred and
10 renumbered, is amended to read:

11 18-105. Statewide information security and privacy office;
12 duties; suspension of budget unit's information
13 infrastructure; notification of security incidents

14 A. The statewide information security and privacy office is
15 established in the department. The statewide information security and
16 privacy office shall serve as the strategic planning, facilitation and
17 coordination office for information technology security in this state.
18 Individual budget units shall continue to maintain operational responsibility
19 for information technology security.

20 B. The director shall appoint a statewide chief information security
21 officer to manage the statewide information security and privacy office. The
22 statewide chief information security officer shall report to the director
23 pursuant to section ~~41-3503~~ 18-103.

24 C. The statewide information security and privacy office shall
25 develop, implement, maintain and ensure compliance by each budget unit with a
26 coordinated statewide assurance plan for information security and privacy.
27 The statewide information security and privacy office shall:

28 1. Direct information security and privacy protection compliance
29 reviews with each budget unit to ensure compliance with standards and
30 effectiveness of security assurance plans as necessary.

31 2. Identify information security and privacy protection risks in each
32 budget unit and direct agencies to adopt risk mitigation strategies, methods
33 and procedures to lessen these risks.

34 3. Monitor and report compliance of each budget unit with state
35 information security and privacy protection policies, standards and
36 procedures.

37 4. Coordinate statewide information security and privacy protection
38 awareness and training programs.

39 5. Develop other strategies as necessary to protect this state's
40 information technology infrastructure and the data that is stored on or
41 transmitted by such infrastructure.

42 D. The statewide information security and privacy office may
43 temporarily suspend operation of information infrastructure that is owned,
44 leased, outsourced or shared in order to isolate the source of, or stop the
45 spread of, an information security breach or other similar incident. A

1 budget unit shall comply with directives to temporarily discontinue or
2 suspend operations of information infrastructure.

3 E. Each budget unit and its contractors shall identify and report
4 security incidents to the statewide information security and privacy office
5 immediately on discovery and deploy mitigation strategies as directed.

6 Sec. 7. Title 18, chapter 2, article 1, Arizona Revised Statutes, is
7 amended by adding section 18-204, to read:

8 18-204. State-owned or state-leased computers; notice

9 THE DIRECTOR SHALL REQUIRE BUDGET UNITS TO PROVIDE A NOTICE ON EVERY
10 STATE-OWNED OR STATE-LEASED COMPUTER. THE COMPUTER USER SHALL ACCEPT THE
11 TERMS AND CONDITIONS OUTLINED IN THE NOTICE BEFORE PROCEEDING TO LOG IN TO
12 THE COMPUTER SYSTEM. THE NOTICE SHALL BE SUBSTANTIALLY SIMILAR TO THE
13 FOLLOWING:

14 NOTICE: YOU ARE ACCESSING THE STATE OF ARIZONA LOCAL/WIDE
15 AREA NETWORK. THIS SYSTEM IS FOR AUTHORIZED USERS ONLY. ALL
16 EQUIPMENT, SYSTEMS, SERVICES AND SOFTWARE CONNECTED TO THIS
17 NETWORK ARE INTENDED ONLY FOR THE OFFICIAL BUSINESS USE, AND ARE
18 THE PROPERTY, OF THE STATE OF ARIZONA. THE STATE OF ARIZONA
19 RESERVES THE RIGHT TO AUDIT, INSPECT AND DISCLOSE ALL
20 TRANSACTIONS AND DATA SENT OVER THIS MEDIUM IN A MANNER
21 CONSISTENT WITH STATE AND FEDERAL LAWS. USERS SHOULD HAVE NO
22 EXPECTATION OF PRIVACY AS TO ANY COMMUNICATION ON OR INFORMATION
23 STORED WITHIN THE SYSTEM. BY USING THIS SYSTEM YOU EXPRESSLY
24 CONSENT TO ALL SUCH AUDITING, INSPECTION AND DISCLOSURE. ONLY
25 SOFTWARE APPROVED, SCANNED FOR VIRUSES AND LICENSED FOR STATE OF
26 ARIZONA USE WILL BE PERMITTED ON THIS NETWORK. DATA ACCESSIBLE
27 VIA STATE SYSTEMS CANNOT BE USED FOR PERSONAL OR COMMERCIAL USE
28 UNLESS SPECIFICALLY AUTHORIZED IN WRITING BY THE STATE OF
29 ARIZONA. ANY ILLEGAL OR UNAUTHORIZED USE OF STATE OF ARIZONA
30 EQUIPMENT, SYSTEMS, SERVICES OR SOFTWARE BY ANY PERSON MAY BE
31 SUBJECT TO CIVIL OR CRIMINAL PROSECUTION UNDER STATE AND FEDERAL
32 LAWS AND MAY RESULT IN DISCIPLINARY ACTION IF APPROPRIATE.

33 Sec. 8. Title 18, chapter 2, Arizona Revised Statutes, is amended by
34 adding articles 2, 3 and 4, to read:

35 ARTICLE 2. UNIFORM RESOURCE LOCATOR STANDARDS

36 18-211. Public body website; domain name; definitions

37 A. A PUBLIC BODY THAT OPERATES A WEBSITE SHALL USE THE TOP-LEVEL
38 DOMAIN NAME ".GOV" FOR THAT LANDING PAGE WEBSITE, EXCEPT THAT EDUCATIONAL
39 INSTITUTIONS SHALL USE THE TOP-LEVEL DOMAIN NAME ".EDU".

40 B. FOR THE PURPOSES OF THIS SECTION:

41 1. "LANDING PAGE" MEANS THE FIRST PAGE OF A WEBSITE.

42 2. "PUBLIC BODY" HAS THE SAME MEANING PRESCRIBED IN SECTION 38-431.

ARTICLE 3. ENCRYPTION STANDARDS

18-221. Data encryption; minimum standard

A. THE DEPARTMENT SHALL REQUIRE ALL BUDGET UNITS TO ENCRYPT DATA TO PROVIDE CONFIDENTIAL SERVICES FOR INFORMATION THAT IS STORED OR SENT OVER A NETWORK, AN INTRANET AND THE INTERNET. INFORMATION RESOURCES THAT STORE, PROCESS OR TRANSMIT SENSITIVE INFORMATION MUST BE ENCRYPTED.

B. THE DEPARTMENT SHALL ADOPT A MINIMUM ENCRYPTION STANDARD THAT INCLUDES A 256-BIT ENCRYPTION KEY. BUDGET UNITS SHALL PURCHASE NEW INFORMATION TECHNOLOGY SYSTEMS THAT MEET THE MINIMUM ENCRYPTION STANDARD ADOPTED BY THE DEPARTMENT. BUDGET UNITS SHALL ESTABLISH AND SUBMIT TO THE DEPARTMENT A PLAN TO UPGRADE SYSTEMS CURRENTLY IN OPERATION TO MEET THE MINIMUM STANDARD THAT INCLUDES ALL OF THE FOLLOWING:

1. A TIMELINE FOR THE PLAN THAT IS BASED ON THE FEASIBILITY FOR THE UPGRADE.

2. IDENTIFICATION OF ANY PUBLISHED EXPLOIT TO THE IMPLEMENTED ENCRYPTION ALGORITHM.

3. THE ASSOCIATED RISK TO THE DEPARTMENT.

C. THIS SECTION APPLIES ONLY TO HARDWARE AND SOFTWARE THAT ARE NOT MORE THAN THREE YEARS OLD.

ARTICLE 4. DATA REFERENCE STANDARDS

18-231. Data validity

THE DEPARTMENT SHALL USE ANY ACQUIRED OR PRODUCED DATA SET TO ENSURE THE DATA VALIDITY OF ALL DATA RETAINED BY THIS STATE. THESE PRODUCED DATA SETS MAY BE CONSTRUCTED, POPULATED OR EDITED ONLY BY THE DEPARTMENT. THE DEPARTMENT SHALL MAINTAIN AND UPGRADE THESE PRODUCTS AND PROVIDE THE INTERFACE USED BY THIS STATE.

18-232. United States postal service

A. THE DEPARTMENT SHALL MAINTAIN A CURRENT COPY OF THE UNITED STATES POSTAL SERVICE ADDRESS INFORMATION SYSTEM CARRIER ROUTE PRODUCT. BUDGET UNITS SHALL USE THIS INFORMATION FOR ADDRESS VERIFICATION.

B. THE DEPARTMENT SHALL MAINTAIN, UPGRADE AND PROVIDE THE INTERFACE USED BY THIS STATE AND LOCAL GOVERNMENTS.

18-233. Interface; data validity

A. BEGINNING JANUARY 1, 2017, THE DEPARTMENT SHALL PROVIDE THE MEANS FOR ANY BUDGET UNIT TO VALIDATE STATE DATA WITH ANY ACQUIRED OR DEVELOPED DATA SET TO ENSURE THE VALIDITY OF ALL DATA RETAINED BY THIS STATE BY THE USE OF EITHER:

1. AN ONLINE ON-DEMAND, REAL-TIME VALIDATION SOFTWARE MODULE. THE DEPARTMENT SHALL ESTABLISH AND MAINTAIN A MODULE THAT ANY BUDGET UNIT MAY USE TO VALIDATE DATA AS THE DATA ARE BEING ENTERED.

2. AN OFF-LINE VALIDATION METHOD TO VALIDATE WHOLE DATA SETS OUTSIDE OF REGULAR BUSINESS HOURS. THE BUDGET UNIT SHALL USE THIS METHOD IN AN INTERVAL OF AT LEAST ONCE EVERY NINETY DAYS.

1 B. THE DATA SETS PRODUCED PURSUANT TO THIS SECTION MAY BE CONSTRUCTED,
2 POPULATED OR EDITED ONLY BY THE DEPARTMENT. THE DEPARTMENT SHALL MAINTAIN
3 AND UPGRADE THESE PRODUCTS AND PROVIDE THE INTERFACE USED BY THIS STATE.

4 Sec. 9. Section 18-443, Arizona Revised Statutes, as transferred and
5 renumbered, is amended to read:

6 18-443. Electronic database system; procedures

7 A. Subject to legislative appropriation or transfer of monies, the
8 secretary of state shall develop electronic database systems for financial
9 disclosures required under title 38, chapter 3.1, article 1 and lobbyist
10 reporting requirements under TITLE 41, chapter 7, article 8.1 ~~of this title~~.

11 B. The electronic database system shall allow a county, city or town
12 to elect to use the secretary of state's system subject to:

13 1. Approval of the local governing body.

14 2. The local governing body conforming the local governing body's
15 financial disclosure requirement and lobbying disclosure requirements with
16 requirements of this state.

17 C. This section does not require the secretary of state to provide for
18 a system that complies with filing requirements other than those required in
19 sections ~~38-542~~ 18-444 and 38-543 and TITLE 41, chapter 7, article 8.1 ~~of~~
20 ~~this title~~.

21 Sec. 10. Title 18, chapter 4, article 3, Arizona Revised Statutes, is
22 amended by adding sections 18-445 and 18-446, to read:

23 18-445. Electronic filing; statements of contributions and
24 expenditures; political subdivisions

25 SUBJECT TO LEGISLATIVE APPROPRIATION AND NOTWITHSTANDING ANY OTHER LAW,
26 THE SECRETARY OF STATE MAY DEVELOP AN ELECTRONIC FILING SYSTEM FOR
27 STATEMENTS, DESIGNATIONS AND REPORTS THAT ARE REQUIRED BY TITLE 16, CHAPTER
28 6, ARTICLE 1. THIS SYSTEM MAY BE USED BY ANY POLITICAL SUBDIVISION THAT
29 CHOOSES TO OPT IN TO THE SYSTEM BY GIVING NOTICE TO THE SECRETARY OF STATE AT
30 LEAST THIRTY DAYS BEFORE THE FIRST REPORT IS DUE FOR A CALENDAR YEAR FOR THAT
31 POLITICAL SUBDIVISION PURSUANT TO SECTION 16-913 AND THAT PAYS A FEE AS
32 DETERMINED BY THE SECRETARY OF STATE. THE SYSTEM MUST COMPLY WITH SECTION
33 16-916.01.

34 18-446. Business licensing; electronic database; definitions

35 A. NOTWITHSTANDING ANY OTHER LAW AND SUBJECT TO LEGISLATIVE
36 APPROPRIATION, AN AGENCY THAT HAS APPROVED AN APPLICANT FOR A LICENSE SHALL
37 FORWARD THE APPROVED APPLICATION TO THE SECRETARY OF STATE, AND THE SECRETARY
38 OF STATE SHALL ISSUE THE LICENSE.

39 B. THE SECRETARY OF STATE SHALL ESTABLISH AND MAINTAIN AN ELECTRONIC
40 DATABASE OF ALL LICENSES ISSUED BY AN AGENCY THAT IS ELECTRONICALLY
41 SEARCHABLE BY THE PUBLIC.

42 C. IF AN AGENCY HAS APPROVED AN APPLICANT FOR A LICENSE AND THE
43 SECRETARY OF STATE HAS ISSUED THAT LICENSE, THE AGENCY SHALL FORWARD THE
44 FOLLOWING INFORMATION FOR EACH LICENSEE TO THE SECRETARY OF STATE TO BE

1 ENTERED INTO THE ELECTRONIC DATABASE ESTABLISHED PURSUANT TO SUBSECTION B OF
2 THIS SECTION:

- 3 1. THE LICENSEE'S NAME AND CONTACT INFORMATION.
- 4 2. THE STATUS OF THE LICENSE.
- 5 3. THE LICENSEE'S EDUCATION AND TRAINING.
- 6 D. FOR THE PURPOSES OF THIS SECTION:

7 1. "AGENCY" MEANS ANY AGENCY, DEPARTMENT, BOARD OR COMMISSION OF THIS
8 STATE THAT ISSUES A LICENSE. AGENCY DOES NOT INCLUDE THE CORPORATION
9 COMMISSION.

10 2. "LICENSE" MEANS ANY CERTIFICATE, REGISTRATION OR LICENSE THAT IS
11 REQUIRED BY LAW AND THAT IS ISSUED BY ANY AGENCY FOR THE PURPOSE OF OPERATING
12 A BUSINESS IN THIS STATE.

13 Sec. 11. Section 18-501, Arizona Revised Statutes, as transferred and
14 renumbered, is amended to read:

15 18-501. Definitions

16 In this ~~chapter~~ ARTICLE, unless the context otherwise requires:

17 1. "Advertisement" means a communication the primary purpose of which
18 is the commercial promotion of a commercial product or service, including
19 communication on an internet ~~web-site~~ WEBSITE that is operated for a
20 commercial purpose.

21 2. "Computer software" means a sequence of instructions that is
22 written in any programming language and that is executed on a computer and
23 does not include a web page or data components of web pages that are not
24 executable independently of the web page.

25 3. "Damage" means any significant impairment to the integrity or
26 availability of data, computer software, a system or information.

27 4. "Execute" means the performance of the functions or the carrying
28 out of the instructions of the computer software.

29 5. "Intentionally deceptive" means any of the following:

30 (a) By means of an intentionally and materially false or fraudulent
31 statement.

32 (b) By means of a statement or description that intentionally omits or
33 misrepresents material information in order to deceive an owner or operator
34 of a computer.

35 (c) By means of an intentional and material failure to provide any
36 notice to an owner or operator of a computer regarding the installation or
37 execution of computer software in order to deceive the owner or operator.

38 6. "Internet" means the global information system that is logically
39 linked together by a globally unique address space based on the internet
40 protocol, or its subsequent extensions, and that is able to support
41 communications using the transmission control ~~protocol/internet~~ PROTOCOL OR
42 INTERNET protocol suite, or ~~it~~ ITS subsequent extensions, or other internet
43 protocol compatible protocols, and that provides, uses or makes accessible,
44 either publicly or privately, high level services layered on the
45 communications and related infrastructure described in this paragraph.

1 7. "Owner or operator" means the owner or lessee of a computer or
2 someone using the computer with the owner's or lessee's authorization. Owner
3 or operator does not include any person who owns a computer before the first
4 retail sale of the computer.

5 8. "Person" means any individual, partnership, corporation, limited
6 liability company or other organization or any combination of these entities.

7 9. "Personally identifiable information" means any of the following
8 with respect to an individual who is an owner or operator of a computer:

9 (a) First name or first initial in combination with last name.

10 (b) A home or other physical address, including street name.

11 (c) An electronic mail address.

12 (d) A credit or debit card number or bank account number or any
13 password or access code associated with a credit or debit card or bank
14 account.

15 (e) A social security number, tax identification number, driver
16 license number, passport number or any other government-issued identification
17 number.

18 (f) Any of the following information in a form that personally
19 identifies an owner or operator of a computer:

20 (i) Account balances.

21 (ii) Overdraft history.

22 (iii) Payment history.

23 10. "Transmit" means to transfer, send or make available computer
24 software, or any component of computer software, via the internet or any
25 other medium, including local area networks of computers, any other nonwire
26 transmission and a disk or other data storage device. Transmit does not
27 include any action by a person providing any of the following:

28 (a) The internet connection, telephone connection or other means of
29 transmission capability such as a compact disk or digital video disk through
30 which the software was made available.

31 (b) The storage or hosting of the software program or an internet web
32 page through which the software was made available.

33 (c) An information location tool, such as a directory, index,
34 reference, pointer or hypertext link, through which the user of the computer
35 located the software, unless the person receives a direct economic benefit
36 from the execution of the software on the computer.

37 Sec. 12. Section 18-502, Arizona Revised Statutes, as transferred and
38 renumbered, is amended to read:

39 18-502. Prohibited activities; applicability

40 A. It is unlawful for any person who is not an owner or operator of a
41 computer to transmit computer software to a computer, with actual knowledge
42 or with conscious avoidance of actual knowledge, and to use the software to
43 do any of the following:

- 1 1. Modify, through intentionally deceptive means, settings that
2 control any of the following:
- 3 (a) The page that appears when an owner or operator of a computer
4 launches an internet browser or similar computer software used to access and
5 navigate the internet.
- 6 (b) The default provider or web proxy that an owner or operator of a
7 computer uses to access or search the internet.
- 8 (c) An owner or operator's list of bookmarks used to access web pages.
- 9 2. Collect, through intentionally deceptive means, personally
10 identifiable information:
- 11 (a) Through the use of a keystroke logging function that records all
12 keystrokes made by an authorized user who uses the computer and transfers
13 that information from the computer to another person.
- 14 (b) In a manner that correlates the information with data respecting
15 all or substantially all of the ~~web-sites~~ WEBSITES visited by an owner or
16 operator of the computer, other than ~~web-sites~~ WEBSITES operated by the
17 person collecting the information.
- 18 (c) With respect only to information described in section ~~44-7301~~
19 ~~18-501~~, paragraph 9, by extracting such information from the hard drive of an
20 ~~owner~~ OWNER'S or operator's computer.
- 21 3. Prevent, through intentionally deceptive means, an ~~owner~~ OWNER'S or
22 operator's reasonable efforts to block the installation or execution of, or
23 to disable, computer software by causing software that an owner or operator
24 of the computer has properly removed or disabled automatically to reinstall
25 or reactivate on the computer.
- 26 4. Intentionally misrepresent that computer software will be
27 uninstalled or disabled by an ~~owner~~ OWNER'S or operator's action.
- 28 5. Through intentionally deceptive means, remove, disable or render
29 inoperative security, antispymware or antivirus computer software installed on
30 the computer.
- 31 6. Take control of the computer by:
- 32 (a) Accessing or using the modem or internet service for the computer
33 for the purpose of causing damage to the computer or causing an owner or
34 operator to incur financial charges for a service that the owner or operator
35 of the computer has not authorized.
- 36 (b) Opening multiple, sequential, stand alone advertisements in an
37 ~~owner~~ OWNER'S or operator's internet browser without the authorization of ~~an~~
38 ~~THE~~ owner or operator ~~and~~ that a reasonable computer user cannot close
39 without turning off the computer or closing the internet browser.
- 40 7. Modify any of the following settings related to the computer's
41 access to, or use of, the internet:
- 42 (a) Settings that protect information about an owner or operator of
43 the computer for the purpose of stealing personally identifiable information
44 of the owner or operator.
- 45 (b) Security settings for the purpose of causing damage to a computer.

1 8. Prevent an ~~owner~~ OWNER'S or operator's reasonable efforts to block
2 the installation of, or to disable, computer software, by doing either of the
3 following:

4 (a) Presenting the owner or operator with an option to decline
5 installation of computer software with knowledge that, when the option is
6 selected, the installation nevertheless proceeds.

7 (b) Falsely representing that computer software has been disabled.

8 B. It is unlawful for any person who is not an owner or operator of a
9 computer to do either of the following with regard to the computer:

10 1. Induce an owner or operator to install a computer software
11 component on the computer by intentionally misrepresenting the extent to
12 which installing the software is necessary for security or privacy reasons or
13 in order to open, view or play a particular type of content.

14 2. Deceptively cause the execution on the computer of a computer
15 software component with the intent of causing an owner or operator to use the
16 component in a manner that violates any other provision of this section.

17 C. ~~Nothing in~~ This section ~~applies~~ DOES NOT APPLY to any monitoring
18 of, or interaction with, a subscriber's internet or other network connection
19 or service, or a computer, by a telecommunications carrier, cable operator,
20 computer hardware or software provider or provider of information service or
21 interactive computer service for network or computer security purposes,
22 diagnostics, technical support, maintenance, repair, authorized updates of
23 software or system firmware, authorized remote system management or detection
24 or prevention of the unauthorized use of or fraudulent or other illegal
25 activities in connection with a network, service or computer software,
26 including scanning for and removing software prescribed under this ~~chapter~~
27 ARTICLE.

28 Sec. 13. Section 18-504, Arizona Revised Statutes, as transferred and
29 renumbered, is amended to read:

30 18-504. Civil remedies; damages

31 A. In addition to any other remedies provided by law, the attorney
32 general, or a computer software provider or a ~~web-site~~ WEBSITE or trademark
33 owner who is adversely affected by a violation of this chapter, may bring an
34 action against a person who violates this chapter to:

35 1. Enjoin further violations of this chapter.

36 2. Recover the greater of actual damages or one hundred thousand
37 dollars for each separate violation of this chapter.

38 B. A single action or conduct that violates more than one paragraph of
39 section ~~44-7302~~ 18-502, subsection A or ~~subsection~~ B or at least one
40 paragraph of section ~~44-7302~~ 18-502, subsection A and at least one paragraph
41 of section ~~44-7302~~ 18-502, subsection B shall be considered multiple
42 violations. The number of violations shall be based on the number of
43 paragraphs violated.

1 C. In an action brought under this section, a court may:
2 1. Increase the damages up to three times the damages allowed by
3 subsection A of this section if the defendant has engaged in a pattern and
4 practice of violating this chapter.

5 2. Award costs and reasonable attorney fees to the prevailing party.
6 Sec. 14. Section 18-541, Arizona Revised Statutes, as transferred and
7 renumbered, is amended to read:

8 18-541. Definitions

9 ~~For the purposes of this chapter~~ IN THIS ARTICLE, unless the context
10 otherwise requires:

11 1. "Electronic mail message" means a message sent to a unique
12 destination that consists of a unique user name or mailbox and a reference to
13 an internet domain, whether or not displayed, and to which an electronic mail
14 message can be sent or delivered.

15 2. "Identifying information" means an individual's piece of
16 information that can be used to access an individual's financial accounts or
17 to obtain goods or services and that includes an individual's:

- 18 (a) Social security number.
- 19 (b) Driver license number.
- 20 (c) Bank account number.
- 21 (d) Credit or debit card number.
- 22 (e) Personal identification number.
- 23 (f) Automated or electronic signature.
- 24 (g) Unique biometric data.
- 25 (h) Account passwords.

26 3. "Internet" means collectively the myriad of computer and
27 telecommunications facilities, including equipment and operating software,
28 that comprise the interconnected worldwide network of networks that employ
29 the transmission control protocol or internet protocol, or any predecessor or
30 successor protocols to such protocol, to communicate information of all kinds
31 by wire or radio.

32 4. "Web page" means a location with respect to the worldwide web that
33 has a single uniform resource locator or other single location with respect
34 to the internet.

35 Sec. 15. Section 18-542, Arizona Revised Statutes, as transferred and
36 renumbered, is amended to read:

37 18-542. Prohibition

38 A person, WITH THE INTENT TO COMMIT FRAUD OR THEFT, shall not ~~by means~~
39 ~~of~~ USE a web page or electronic mail message or otherwise ~~using~~ USE the
40 internet TO solicit, request or take any action to induce another person to
41 provide identifying information by representing that the person, either
42 directly or by implication, is an ~~on-line~~ ONLINE business without the
43 authority or approval of the ~~on-line~~ ONLINE business.

1 Sec. 16. Section 18-543, Arizona Revised Statutes, as transferred and
2 renumbered, is amended to read:

3 18-543. Civil remedies; damages

4 A. ~~The attorney general, or~~ A person who either is engaged in the
5 business of providing internet access service to the public or owns a web
6 page or trademark and who is adversely affected by reason of a violation of
7 this ~~chapter,~~ ARTICLE may bring an action against a person who violates this
8 ~~chapter~~ ARTICLE to:

9 1. Enjoin further violations of this ~~chapter~~ ARTICLE.

10 2. Recover the greater of actual damages or ~~five hundred~~ TWO thousand
11 FIVE HUNDRED dollars for each separate violation of this ~~chapter~~ ARTICLE.

12 B. A PERSON, OTHER THAN A PERSON WHO IS DESCRIBED IN SUBSECTION A OF
13 THIS SECTION, WHO IS ADVERSELY AFFECTED BY REASON OF A VIOLATION OF THIS
14 ARTICLE MAY BRING AN ACTION ONLY AGAINST THE PERSON WHO VIOLATES THIS ARTICLE
15 TO:

16 1. ENJOIN FURTHER VIOLATIONS OF THIS ARTICLE.

17 2. RECOVER THE GREATER OF ACTUAL DAMAGES OR FIVE THOUSAND DOLLARS FOR
18 EACH SEPARATE VIOLATION OF THIS ARTICLE.

19 C. THE ATTORNEY GENERAL MAY BRING AN ACTION AGAINST A PERSON WHO
20 VIOLATES THIS ARTICLE TO:

21 1. ENJOIN FURTHER VIOLATIONS OF THIS ARTICLE.

22 2. RECOVER TWO THOUSAND FIVE HUNDRED DOLLARS PER VIOLATION.

23 D. AN ACTION UNDER THIS SECTION MUST BE BROUGHT WITHIN THREE YEARS
24 AFTER THE VIOLATION IS DISCOVERED OR BY THE EXERCISE OF REASONABLE DILIGENCE
25 SHOULD HAVE BEEN DISCOVERED, WHICHEVER IS EARLIER.

26 ~~B.~~ E. In an action under this section, the court may increase a
27 damage award to an amount equal to not more than three times the amount
28 otherwise available under this section if the court determines that the
29 defendant has engaged in a pattern and practice of violating this ~~chapter~~
30 ARTICLE.

31 ~~C.~~ F. The attorney general may also recover reasonable attorney fees
32 and costs.

33 ~~D.~~ G. For the purposes of this section, multiple violations of this
34 ~~chapter~~ ARTICLE resulting from any single action or act shall constitute one
35 violation.

36 Sec. 17. Section 18-544, Arizona Revised Statutes, as transferred and
37 renumbered, is amended to read:

38 18-544. Violation; classification

39 A person who violates this ~~chapter~~ ARTICLE is guilty of a class 5
40 felony.

41 Sec. 18. Section 28-2065, Arizona Revised Statutes, is amended to
42 read:

43 28-2065. Electronic and digital signatures; documents

44 A. ~~On or before January 1, 2009,~~ The director in cooperation with a
45 statewide association of franchised new motor vehicle dealers shall establish

1 a schedule to develop a pilot program to accept and use electronic or digital
2 signatures.

3 B. In the process of developing the pilot program, the director shall
4 research and develop methods to allow the department, authorized third
5 parties, licensed financial institutions, licensed insurers or any other
6 business or individual as determined by the director to accept, exchange and
7 use electronic or digital signatures for any document or for any transaction
8 prescribed in this chapter and sections 28-370, 28-444, 28-453 and 28-5111.

9 C. The participants shall ensure that adequate security measures are
10 in place to prevent any illegal use of the signatures or other information
11 exchanged pursuant to this section.

12 D. Except for a statewide association of franchised new motor vehicle
13 dealers, the director may limit the number of participants in the system but
14 shall encourage authorized third parties and businesses of various sizes to
15 participate.

16 E. After the system has been operating for twelve months, the director
17 may expand the system if the director determines the system is successful.

18 F. The director may determine and require reimbursement from pilot
19 program participants for costs related to computer programming, hardware,
20 development and personnel. The department shall deposit, pursuant to
21 sections 35-146 and 35-147, all monies received pursuant to this section in a
22 separate account of the state highway fund established by section 28-6991.
23 Monies in the separate account are continuously appropriated. The director
24 may transfer monies deposited pursuant to this subsection from the separate
25 account to the operating budget of the department's motor vehicle division
26 for the purpose of reimbursing the department's operating budget for
27 expenditures made by the division pursuant to this section.

28 G. This section does not limit the use of electronic and digital
29 signatures used by state agencies, boards or commissions pursuant to section
30 ~~41-132~~ 18-442.

31 H. The director shall adopt policies necessary to implement this
32 section.

33 Sec. 19. Section 33-1701, Arizona Revised Statutes, is amended to
34 read:

35 ~~33-1701.~~ Definitions; exception

36 A. In this article, unless the context otherwise requires:

37 1. "Default" means the failure to perform on time any obligation or
38 duty set forth in the rental agreement.

39 2. "Department" means the Arizona game and fish department in the case
40 of motorized watercraft and the department of transportation in the case of
41 all other vehicles.

42 3. "Electronic mail" means an electronic message or an executable
43 program or computer file that contains an image of a message that is
44 transmitted between two or more computers or electronic terminals and

- 1 includes electronic messages that are transmitted within or between computer
2 networks from which a confirmation of receipt is received.
- 3 4. "Last known address" means that postal address or electronic
4 address provided by the occupant in the rental agreement or the postal
5 address or electronic address provided by the occupant in a subsequent
6 written notice of a change of address.
- 7 5. "Late fee" means a reasonable fee or charge that is assessed by the
8 operator for the failure of the occupant to pay rent when due pursuant to
9 section 33-1703, subsection D.
- 10 6. "Leased space" means the storage space or spaces at the
11 self-service storage facility that are rented to an occupant pursuant to a
12 rental agreement.
- 13 7. "Net proceeds" means the total proceeds received from the lien sale
14 less the total amount of the lien.
- 15 8. "Occupant" means a person or the person's sublessee, successor or
16 assign, entitled to the use of the leased space at a self-service storage
17 facility under a rental agreement, to the exclusion of others.
- 18 9. "Operator" means the owner, operator, lessor or sublessor of a
19 self-service storage facility, an agent or any other person authorized to
20 manage the facility.
- 21 10. "Personal information" has the same meaning prescribed in section
22 ~~44-7501~~ 18-545 and includes passport information and medical or legal
23 records.
- 24 11. "Personal property" means movable property that is not affixed to
25 land and includes but is not limited to goods, wares, merchandise, household
26 items and furnishings and vehicles.
- 27 12. "Protected property" means personal property the sale or disposal
28 of which is regulated by state or federal law and that is one of the
29 following:
- 30 (a) Documents, files or electronic data that contains personal
31 information relating to clients, customers, patients or others in connection
32 with the occupant's business.
- 33 (b) Alcoholic beverages.
- 34 (c) Pharmaceuticals other than those dispensed by a licensed pharmacy
35 for the occupant's personal use.
- 36 (d) Firearms.
- 37 13. "Registered owner" means an owner of a vehicle as stated in the
38 official records of the department.
- 39 14. "Rental agreement" means any written agreement provided to the
40 occupant that establishes or modifies the terms, conditions or rules
41 concerning the use and occupancy of leased space at a self-service storage
42 facility.
- 43 15. "Self-service storage facility" means any real property used for
44 renting or leasing storage spaces in which the occupants themselves

1 customarily store and remove their own personal property on a self-service
2 basis.

3 16. "Vehicle" means a motor vehicle, a trailer or a semitrailer as
4 defined in section 28-101 and a motorized watercraft as defined in section
5 5-301.

6 17. "Verified mail" means any method of mailing that is offered by the
7 United States postal service and that provides evidence of mailing.

8 B. This article does not apply to a warehouseman unless the
9 warehouseman issues a warehouse receipt, bill of lading or other document of
10 title for the personal property stored.

11 Sec. 20. Section 36-3802, Arizona Revised Statutes, is amended to
12 read:

13 36-3802. Individual rights

14 A. A health information organization must provide the following rights
15 to individuals:

16 1. To opt out of participating in the health information organization
17 pursuant to section 36-3803.

18 2. To request a copy of the individual's individually identifiable
19 health information that is available through the health information
20 organization. The health information organization may provide this right
21 directly or may require health care providers participating in the health
22 information organization to provide access to individuals. The copy may be
23 provided electronically, if the individual requesting the copy consents to
24 electronic delivery of the individually identifiable health information, and
25 must be provided to the individual within thirty days after the individual's
26 request. Charges for copies are governed by section 12-2295.

27 3. To request amendment of incorrect individually identifiable health
28 information available through the health information organization.

29 4. To request a list of the persons who have accessed the individual's
30 individually identifiable health information through the health information
31 organization for a period of at least three years before the individual's
32 request. This list must be provided to the individual within thirty days
33 after the individual's request.

34 5. To be notified, pursuant to section ~~44-7501~~ 18-545 and 45 Code of
35 Federal Regulations part 164, subpart D, of a breach at the health
36 information organization that affects the individual's individually
37 identifiable health information.

38 B. If an individual does not have the capacity to make health care
39 decisions, the individual's health care decision maker may exercise all
40 individual rights in this chapter on behalf of the individual.

41 Sec. 21. Section 38-543, Arizona Revised Statutes, is amended to read:

42 38-543. Duty to file financial disclosure statement by
43 candidate for public office

44 A candidate for public office as specified in section 38-541, paragraph
45 8 shall file a financial disclosure statement covering the preceding

1 twelve-month period and containing the information described in section
2 ~~38-542~~ 18-444 on a form prescribed by the secretary of state at the time of
3 filing of nomination papers.

4 Sec. 22. Section 38-544, Arizona Revised Statutes, is amended to read:
5 ~~38-544.~~ Violation: classification

6 A. Any public officer, local public officer or candidate who knowingly
7 fails to file a financial disclosure statement required pursuant to section
8 ~~38-542~~ 18-444, 38-543 or 38-545, who knowingly files an incomplete financial
9 disclosure statement or who knowingly files a false financial disclosure
10 statement is guilty of a class 1 misdemeanor.

11 B. Any public officer, local public officer or candidate who violates
12 this chapter is subject to a civil penalty of fifty dollars for each day of
13 noncompliance but not more than five hundred dollars that may be imposed as
14 prescribed in section 16-924.

15 Sec. 23. Section 41-121, Arizona Revised Statutes, is amended to read:
16 ~~41-121.~~ Duties

17 A. The secretary of state shall:

18 1. Receive bills and resolutions from the legislature, and perform
19 such other duties as devolve upon the secretary of state by resolution of the
20 two houses or either of them.

21 2. Keep a register of and attest the official acts of the governor.

22 3. Act as custodian of the great seal of this state.

23 4. Affix the great seal, with the secretary of state's attestation, to
24 public instruments to which the official signature of the governor is
25 attached.

26 5. File in the secretary of state's office receipts for all books
27 distributed by the secretary of state and direct the county recorder of each
28 county to do the same.

29 6. Certify to the governor the names of those persons who have
30 received at any election the highest number of votes for any office, the
31 incumbent of which is commissioned by the governor.

32 7. Publish slip laws of each act of the legislature promptly upon
33 passage and approval of such act, make such acts available to interested
34 persons for a reasonable fee to compensate for the cost of printing and
35 provide each house of the legislature and the legislative council with a
36 certified copy of each bill or resolution, showing the chapter or resolution
37 number of each, as each is filed in the secretary of state's office.

38 8. Keep a fee book of fees and compensation of whatever kind and
39 nature earned, collected or charged by the secretary of state, with the date,
40 the name of the payer and the nature of the service in each case. The fee
41 book shall be verified annually by the secretary of state's affidavit entered
42 in the fee book.

43 9. Perform other duties imposed on the secretary of state by law.

44 10. Report to the governor on January 2 each year, and at such other
45 times as provided by law, a detailed account of the secretary of state's

1 official actions taken since the secretary of state's previous report
2 together with a detailed statement of the manner in which all appropriations
3 for the secretary of state's office have been expended.

4 11. Transfer all noncurrent or inactive books, records, deeds and
5 other papers otherwise required to be filed with or retained by the secretary
6 of state to the custody of the Arizona state library, archives and public
7 records.

8 12. Make available to the public, without charge, title 33, chapters
9 10 and 11 on the secretary of state's website.

10 13. Accept, and approve for use, electronic and digital signatures
11 that comply with section ~~41-132~~ 18-442, for documents filed with and by all
12 state agencies, boards and commissions. In consultation with the department
13 of administration and the state treasurer, the secretary of state shall adopt
14 rules pursuant to chapter 6 of this title establishing policies and
15 procedures for the use of electronic and digital signatures by all state
16 agencies, boards and commissions for documents filed with and by all state
17 agencies, boards and commissions.

18 14. Meet at least annually with personnel from the federal voting
19 assistance office of the United States department of defense and with county
20 recorders and other county election officials in this state to coordinate the
21 delivery and return of registrations, ballot requests, voted ballots and
22 other election materials to and from absent uniformed and overseas citizens.

23 B. The secretary of state may refuse to perform a service or refuse a
24 filing based on a reasonable belief that the service or filing is being
25 requested for an unlawful, illegitimate, false or fraudulent purpose or is
26 being requested or submitted in bad faith or for the purpose of harassing or
27 defrauding a person or entity. This subsection does not apply to election
28 filings.

29 Sec. 24. Section 41-352, Arizona Revised Statutes, is amended to read:
30 ~~41-352.~~ Applicability of article; electronic signature laws

31 A. Any notarial act in which a person by oath or affirmation signs a
32 document may be performed electronically as prescribed by this article if
33 under applicable law that document may be signed with an electronic
34 signature.

35 B. Unless otherwise expressly prohibited by law, the following
36 notarial acts, terms and entities have the same legal effect as those
37 prescribed by article 2 of this chapter:

- 38 1. Electronic acknowledgment as acknowledgment.
- 39 2. Electronic oath as oath.
- 40 3. Electronic jurat as jurat.
- 41 4. Electronic affidavit as affidavit.
- 42 5. Electronic notarial act as notarial act.
- 43 6. Electronic notarial certificate token as notarial certificate.
- 44 7. Electronic notary as notary.

1 C. An electronic commission is a commission to perform only electronic
2 notary acts, and only an electronic notary is authorized to perform
3 electronic notary acts.

4 D. Unless otherwise expressly prohibited by law, any electronic
5 notarial act may be performed by either:

6 1. An act in the presence of an electronic notary as prescribed by
7 this article.

8 2. An electronic notarial service as prescribed by this article for
9 which the person signing appears before an electronic notary and by oath or
10 affirmation acknowledges that any notary service electronic document that is
11 created by the person pursuant to this article has the same legal force and
12 effect as if the person appeared before an electronic notary and by oath or
13 affirmation executed an electronic notarial act.

14 E. Section ~~41-132~~ 18-442 applies in conjunction with this article to
15 electronic signatures used by electronic notaries.

16 F. This article applies to electronic notarial acts that are performed
17 by electronic notaries who are appointed in this state and applies only to
18 their acts performed in the United States.

19 Sec. 25. Section 41-1277, Arizona Revised Statutes, is amended to
20 read:

21 41-1277. Joint legislative budget committee; annual report;
22 debt; definitions

23 A. On or before January 31 of each year, the joint legislative budget
24 committee staff shall present to the appropriations committees of the senate
25 and the house of representatives a report on state debt and obligations,
26 including:

- 27 1. Outstanding general obligation bonds.
28 2. Long-term notes and obligations.
29 3. Certificates of participation and other obligations pursuant to any
30 lease-purchase agreements.
31 4. Revenue bonds.
32 5. Deferred rollover payment obligations.

33 B. The report shall contain, for the most recent fiscal year:

34 1. The statewide aggregate level of outstanding principal and the
35 principal and interest payments, by type of debt or obligation. The report
36 shall be based on data available from the searchable database required by
37 section ~~41-4604~~ 18-304.

38 2. Itemization, by budget unit, of the original due date of each
39 deferred payment for deferred rollover payment obligations, the amount of
40 interest paid to date due to the deferral and the amount of yearly interest
41 to be paid in the most recent and the next fiscal year due to the deferral.

42 3. Information on per capita state debt and obligations.

43 4. Information on the ten-year history of state debt and obligations
44 based on available data.

1 C. The report and a link to the searchable database required by
2 section ~~41-4604~~ 18-304 shall be posted on the joint legislative budget
3 committee's website, and a copy of the report shall be provided to any member
4 of the public who makes a request.

5 D. For the purposes of this section:

6 1. "Deferred rollover payment obligation" means an obligation to make
7 a payment in a fiscal year that was due in and deferred from a previous
8 fiscal year.

9 2. "State debt and obligations" means debt and obligations whose
10 principal or interest is paid with state funds.

11 Sec. 26. Section 41-1504, Arizona Revised Statutes, is amended to
12 read:

13 ~~41-1504.~~ Powers and duties; e-verify requirement

14 A. The board of directors, on behalf of the authority, may:

15 1. Adopt and use a corporate seal.

16 2. Sue and be sued.

17 3. Enter into contracts as necessary to carry out the purposes and
18 requirements of this chapter, including intergovernmental agreements pursuant
19 to title 11, chapter 7, article 3 and interagency service agreements as
20 provided by section 35-148.

21 4. Lease real property and improvements to real property for the
22 purposes of the authority. Leases by the authority are exempt from chapter
23 4, article 7 of this title, relating to management of state properties.

24 5. Employ or retain legal counsel and other consultants as necessary
25 to carry out the purposes of the authority.

26 6. Develop and use written policies, procedures and guidelines for the
27 terms and conditions of employing officers and employees of the authority and
28 may include background checks of appropriate personnel.

29 B. The board of directors, on behalf of the authority, shall:

30 1. Develop comprehensive long-range strategic economic plans for this
31 state and submit the plans to the governor.

32 2. Annually update a strategic economic plan for submission to the
33 governor.

34 3. Accept gifts, grants and loans and enter into contracts and other
35 transactions with any federal or state agency, municipality, private
36 organization or other source.

37 C. The authority shall:

38 1. Assess and collect fees for processing applications and
39 administering incentives. The board shall adopt the manner of computing the
40 amount of each fee to be assessed. Within thirty days after proposing fees
41 for adoption, the chief executive officer shall submit a schedule of the fees
42 for review by the joint legislative budget committee. It is the intent of
43 the legislature that a fee shall not exceed one ~~per-cent~~ PERCENT of the
44 amount of the incentive.

1 2. Determine and collect registry fees for the administration of the
2 allocation of federal tax exempt industrial development bonds and student
3 loan bonds authorized by the authority. Such monies collected by the
4 authority shall be deposited, pursuant to sections 35-146 and 35-147, in an
5 authority bond fund. Monies in the fund shall be used, subject to annual
6 appropriation by the legislature, by the authority to administer the
7 allocations provided in this paragraph and are exempt from the provisions of
8 section 35-190 relating to the lapsing of appropriations.

9 3. Determine and collect security deposits for the allocation, for the
10 extension of allocations and for the difference between allocations and
11 principal amounts of federal tax exempt industrial development bonds and
12 student loan bonds authorized by the authority. Security deposits forfeited
13 to the authority shall be deposited in the state general fund.

14 4. At the direction of the board, establish and supervise the
15 operations of full-time or part-time offices in other states and foreign
16 countries for the purpose of expanding direct investment and export trade
17 opportunities for businesses and industries in this state if, based on
18 objective research, the authority determines that the effort would be
19 beneficial to the economy of this state.

20 5. Establish a program by which entrepreneurs become aware of permits,
21 licenses or other authorizations needed to establish, expand or operate in
22 this state.

23 6. Be the state registration agency for apprenticeship functions
24 prescribed by the federal government.

25 D. The authority, through the chief executive officer, may:

26 1. Contract and incur obligations reasonably necessary or desirable
27 within the general scope of the authority's activities and operations to
28 enable the authority to adequately perform its duties.

29 2. Use monies, facilities or services to provide matching
30 contributions under federal or other programs that further the objectives and
31 programs of the authority.

32 3. Accept gifts, grants, matching monies or direct payments from
33 public or private agencies or private persons and enterprises for the conduct
34 of programs that are consistent with the general purposes and objectives of
35 this chapter.

36 4. Assess business fees for promotional services provided to
37 businesses that export products and services from this state. The fees shall
38 not exceed the actual costs of the services provided.

39 5. Establish and maintain one or more accounts in banks or other
40 depositories, for public or private monies of the authority, from which
41 operational activities, including payroll, vendor and grant payments, may be
42 conducted. Individual funds that are established by law under the
43 jurisdiction of the authority may be maintained in separate accounts in banks
44 or other depositories, but shall not be commingled with any other monies or
45 funds of the authority.

1 E. The chief executive officer shall:

2 1. Hire employees and prescribe the terms and conditions of their
3 employment as necessary to carry out the purposes of the authority. The
4 board of directors shall adopt written policies, procedures and guidelines,
5 similar to those adopted by the department of administration, regarding
6 officer and employee compensation, observed holidays, leave and reimbursement
7 of travel expenses and health and accident insurance. The officers and
8 employees of the authority are exempt from any laws regulating state
9 employment, including:

10 (a) Chapter 4, articles 5 and 6 of this title, relating to state
11 service.

12 (b) Title 38, chapter 4, article 1 and chapter 5, article 2, relating
13 to state personnel compensation, leave and retirement.

14 (c) Title 38, chapter 4, article 2, relating to reimbursement of state
15 employee expenses.

16 (d) Title 38, chapter 4, article 4, relating to health and accident
17 insurance.

18 2. On a quarterly basis, provide public record data in a manner
19 prescribed by the department of administration related to the authority's
20 revenues and expenditures for inclusion in the comprehensive database of
21 receipts and expenditures of state monies pursuant to section 41-725.

22 F. In addition to any other requirement, in order to qualify for any
23 grant, loan, reimbursement, tax incentive or other economic development
24 incentive pursuant to this chapter, an applicant that is an employer must
25 register with and participate in the e-verify program in compliance with
26 section 23-214. The authority shall require verification of compliance with
27 this subsection as part of any application process.

28 G. Notwithstanding any other law, the authority is subject to chapter
29 3.1, article 1 of this title, relating to risk management.

30 H. The authority is exempt from ~~TITLE 18, chapter 32 1~~, articles 1 and
31 ~~2 of this title~~, relating to statewide information technology. The authority
32 shall adopt policies, procedures and guidelines regarding information
33 technology.

34 I. The authority is exempt from state general accounting and finance
35 practices and rules adopted pursuant to chapter 4, article 3 of this title,
36 but the board shall adopt written accounting practices, systems and
37 procedures for the economic and efficient operation of the authority.

38 J. The authority is exempt from section 41-712, relating to the
39 installation and maintenance of ~~telecommunications~~ TELECOMMUNICATION systems.

40 K. The authority may lease or purchase motor vehicles for use by
41 employees to conduct business activities. The authority is exempt from
42 section 41-803, relating to the state motor vehicle fleet, and title 38,
43 chapter 3, article 10, relating to vehicle usage and markings.

1 L. Any tangible or intangible record submitted to or compiled by the
2 board or the authority in connection with its work, including the award of
3 monies, is subject to title 39, chapter 1, unless an applicant shows, or the
4 board or authority determines, that specific information meets either of the
5 following:

6 1. If made public, the information would divulge the applicant's or
7 potential applicant's trade secrets, as defined in section 44-401.

8 2. If made public, the information could potentially harm the
9 applicant's, ~~THE~~ potential applicant's or this state's competitive position
10 relating to potential business development opportunities and strategies.

11 M. The authority is exempt from chapter 25, article 1 of this title,
12 relating to government competition with private enterprise.

13 Sec. 27. Section 41-2513, Arizona Revised Statutes, is amended to
14 read:

15 41-2513. Authority to contract for certain services

16 A. For the purpose of procuring the services of clergy, certified
17 public accountants, legal counsel pursuant to section 41-192, subsection D,
18 physicians or dentists as defined by the laws of this state, any state
19 governmental unit may act as a purchasing agency and contract on its own
20 behalf for such services, subject to this chapter and rules adopted by the
21 director.

22 B. In accordance with ~~the provisions of~~ section 41-192, subsection D
23 and notwithstanding any contrary statute, no contract for the services of
24 legal counsel may be awarded without the approval of the attorney general.

25 C. The auditor general shall approve state agency contracting for
26 financial and compliance auditing services except if specific statutory
27 authority is otherwise provided. The auditor general shall ensure that such
28 contract audits are conducted in accordance with generally accepted
29 governmental auditing standards. An audit shall not be accepted until it has
30 been approved by the auditor general.

31 D. The department may approve all information technology purchases
32 exceeding twenty-five thousand dollars for a budget unit as defined in
33 section ~~41-3501~~ 18-101. Purchases shall not be artificially divided to avoid
34 review.

35 E. Payment for any services, including those services described in
36 subsections A, B and C of this section, procured under this chapter shall not
37 be made unless pursuant to a fully approved written contract.

38 Sec. 28. Section 41-3016.06, Arizona Revised Statutes, is amended to
39 read:

40 41-3016.06. Department of administration; termination July 1,
41 2016

42 A. The department of administration terminates on July 1, 2016.

43 B. Title 41, chapter 4, articles 1, 2, 3, 4, 5 and 7 and ~~TITLE 18,~~
44 chapter ~~32~~ 1 are repealed on January 1, 2017.

1 Sec. 29. Section 44-7011, Arizona Revised Statutes, is amended to
2 read:

3 44-7011. Notarization; acknowledgment

4 Notwithstanding title 41, chapter 2, article 2, if the law requires a
5 signature or record to be notarized, acknowledged, verified or made under
6 oath, that requirement is satisfied if a notary completes a notarial act on
7 the electronic message or document. That notarial act on the electronic
8 message or document is complete without the imprint of the notary's seal if
9 all of the following apply:

10 1. The electronic message or document is signed pursuant to this
11 chapter or section ~~41-132~~ 18-442 in the presence of a notary.

12 2. The notary confirms that the electronic signature on the electronic
13 message or document is verifiably the electronic signature issued to the
14 signer pursuant to this chapter or section ~~41-132~~ 18-442.

15 3. The notary electronically signs with an electronic signature that
16 is consistent with this chapter, ~~any electronic notary law~~ TITLE 41, CHAPTER
17 2, ARTICLE 3 or any other applicable law.

18 4. The following information appears electronically within the message
19 electronically signed by the notary:

20 (a) The notary's full name and commission number exactly as it appears
21 on the notary's commission.

22 (b) The words "electronic notary public", "state of Arizona" and "my
23 commission expires on (date)".

24 (c) The address of the notary's principal place of contact exactly as
25 it appears on the notary's commission.

26 (d) The notary's e-mail or other electronic address exactly as it
27 appears on the notary's commission.

28 Sec. 30. Section 44-7041, Arizona Revised Statutes, is amended to
29 read:

30 44-7041. Creation; retention; conversion of written records

31 A. Each governmental agency shall determine if, and the extent to
32 which, the governmental agency will create and retain electronic records and
33 convert written records to electronic records. Any governmental agency that
34 is subject to the management, preservation, determination of value and
35 disposition of records requirements prescribed in sections 41-151.12,
36 41-151.13, 41-151.14, 41-151.15, 41-151.16, 41-151.17, 41-151.18 and
37 41-151.19 and the permanent public records requirements prescribed in section
38 39-101 shall comply with those requirements.

39 B. State agencies shall comply with the standards adopted by the
40 department of administration pursuant to title ~~41~~ 18, chapter ~~32~~ 1.

41 C. All governmental agencies shall comply with the policies that are
42 established by the secretary of state pursuant to section ~~41-132~~ 18-442 and
43 that apply to the use of electronic signatures.

1 Sec. 31. Section 44-7042, Arizona Revised Statutes, is amended to
2 read:

3 44-7042. Sending and accepting electronic records

4 A. Except as otherwise provided in section 44-7012, subsection E, each
5 governmental agency shall determine if, and the extent to which, the
6 governmental agency will send and accept electronic records and electronic
7 signatures to and from other persons and otherwise create, generate,
8 communicate, store, process, use and rely on electronic records and
9 electronic signatures. State agencies shall comply with the appropriate
10 standards and policies adopted or established by the department of
11 administration pursuant to title ~~41~~ 18, chapter ~~32~~ 1 and the secretary of
12 state pursuant to section ~~41-132~~ 18-442.

13 B. To the extent that a governmental agency uses electronic records
14 and electronic signatures pursuant to subsection A of this section, the
15 governmental agency after giving due consideration to security may specify:

16 1. The manner and format in which the electronic records must be
17 created, generated, sent, communicated, received and stored and the systems
18 established for those purposes.

19 2. If electronic records must be signed by electronic means, the type
20 of electronic signature required, the manner and format in which the
21 electronic signature must be affixed to the electronic record and the
22 identity of or criteria that must be met by any third party used by a person
23 filing a document to facilitate the process.

24 3. Control processes and procedures as appropriate to ensure adequate
25 preservation, disposition, integrity, security, confidentiality and ability
26 to perform audits of electronic records.

27 4. Any other required attributes for electronic records that are
28 specified for corresponding nonelectronic records or that are reasonably
29 necessary under the circumstances.

30 C. Except as otherwise provided in section 44-7012, subsection E, this
31 chapter does not require a governmental agency to use or allow the use of
32 electronic records or electronic signatures.

33 Sec. 32. Section 47-9525, Arizona Revised Statutes, is amended to
34 read:

35 47-9525. Fees

36 A. Except as otherwise provided in subsection E of this section and
37 except for a filing office described in section 47-9501, subsection A,
38 paragraph 1, the fee for filing and indexing a record under this article,
39 other than an initial financing statement of the kind described in section
40 47-9502, subsection C, is not more than nine dollars as provided in sections
41 ~~18-441~~ AND 41-126 ~~and 41-127~~, if the record is communicated in writing or by
42 any other medium authorized by filing office rule.

43 B. Except as otherwise provided in subsection E of this section, the
44 fee for filing and indexing an initial financing statement of the kind
45 described in section 47-9502, subsection C is not more than nine dollars as

1 provided in sections 18-441 AND 41-126 ~~and 41-127~~ if the financing statement
2 indicates that it is filed in connection with a manufactured home
3 transaction.

4 C. The number of names required to be indexed does not affect the
5 amount of the fee in subsections A and B of this section.

6 D. The fee for responding to a request for information from the filing
7 office, including for issuing a certificate showing whether there is on file
8 any financing statement naming a particular debtor, is not more than nine
9 dollars as provided in sections 18-441 AND 41-126 ~~and 41-127~~ if the request
10 is communicated in writing or by any other medium authorized by filing office
11 rule.

12 E. This section does not require a fee with respect to a record of a
13 mortgage that is effective as a financing statement filed as a fixture filing
14 or as a financing statement covering as-extracted collateral or timber to be
15 cut under section 47-9502, subsection C. However, the recording and
16 satisfaction fees that otherwise would be applicable to the record of the
17 mortgage apply.

18 F. The filing fee for filing, indexing and furnishing filing data
19 about a statement of master amendment pursuant to section 47-9512, subsection
20 F or master assignment pursuant to section 47-9514, subsection D is not more
21 than four hundred fifty dollars plus fifty cents for each financing statement
22 covered by the master statement in excess of fifty financing statements.

23 Sec. 33. Laws 2006, chapter 232, section 3 is amended to read:

24 Sec. 3. Conditional repeal; notice

25 A. ~~Title 44, chapter 32~~ SECTION 18-545, Arizona Revised Statutes, ~~as~~
26 ~~added by this act,~~ is repealed one year after the effective date of the
27 federal personal data privacy and security act.

28 B. The attorney general shall notify in writing the director of the
29 Arizona legislative council of this date.

30 Sec. 34. Conforming legislation

31 The legislative council staff shall prepare proposed legislation
32 conforming the Arizona Revised Statutes to the provisions of this act for
33 consideration in the fifty-second legislature, second regular session.

34 Sec. 35. Effective date

35 This act is effective from and after December 31, 2015.