

REFERENCE TITLE: information technology; title 18

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

HB 2647

Introduced by
Representative Stevens

AN ACT

AMENDING SECTION 8-1192, ARIZONA REVISED STATUTES; 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. Subject to the requirements of article IV, part 1,
3 section 1, Constitution of Arizona, section 8-1192, Arizona Revised Statutes,
4 is amended to read:
5 8-1192. Powers and duties
6 A. The early childhood development and health board shall:
7 1. Conduct a biannual assessment of existing early childhood
8 development and health programs in the state of Arizona, including an
9 analysis of any unmet early childhood development and health needs of Arizona
10 children; utilization of available federal, state and private funds;
11 suggestions for improved program coordination; and outcomes for children and
12 families. The board shall submit a report of its findings and
13 recommendations to the governor, the president of the senate and the speaker
14 of the house of representatives on or before December 15 of every
15 odd-numbered year ~~beginning in 2007~~ and shall provide a copy of this report
16 to the secretary of state ~~and the director of the Arizona state library,~~
17 ~~archives and public records~~. The report shall be distributed in accordance
18 with section ~~41-4153~~ 18-203.
19 2. Review and approve the biannual regional needs and assets
20 assessments prepared pursuant to section 8-1161.
21 3. Administer the distribution of ~~funds~~ MONIES from the early
22 childhood development and health fund established by section 8-1181 for
23 programs and grants in accordance with ~~the provisions of~~ sections 8-1161 and
24 8-1173.
25 4. Prepare an annual report describing the activities of the board,
26 including a description of ~~funds~~ MONIES distributed and spent pursuant to
27 sections 8-1161, 8-1173 and 8-1192 and a description of the outcomes for
28 children and families achieved by the board, the regional partnership
29 councils, and the grant recipients. The board shall submit the report to
30 the governor, the president of the senate and the speaker of the house of
31 representatives on or before September 15 of each year, ~~beginning in 2008,~~
32 and shall provide a copy of this report to the secretary of state ~~and the~~
33 ~~director of the Arizona state library, archives and public records~~. The
34 report shall be distributed in accordance with section ~~41-4153~~ 18-203.
35 5. Solicit private ~~funds~~ MONIES from individuals, corporations and
36 foundations to support improving quality of and access to early childhood
37 development and health opportunities for Arizona children. Solicited ~~funds~~
38 MONIES shall be deposited into the private gifts account of the early
39 childhood development and health fund pursuant to section 8-1182 and may be
40 spent on statewide or regional grants or direct programs.
41 6. Keep a record of its own proceedings.
42 7. Adopt procedures for its meetings and elect officers.
43 8. Coordinate with other agencies ~~THAT ARE~~ involved with early
44 childhood development and health issues.

- 1 B. The early childhood development and health board may:
- 2 1. Authorize THE expenditure of funds MONIES from the early childhood
- 3 development and health fund established by section 8-1181 for programs and
- 4 services to enhance the quality of or access to early childhood development
- 5 and health opportunities for Arizona children. These funds MONIES may be
- 6 used to operate programs and services provided directly by the board, to fund
- 7 statewide grant programs, or to fund regional or local grants to test
- 8 innovative early childhood development and health programs.
- 9 2. Authorize THE expenditure of funds MONIES from the grant monies and
- 10 private gifts accounts for programs and services to enhance the quality of or
- 11 access to early childhood development and health opportunities for Arizona
- 12 children.
- 13 3. Adopt rules pursuant to title 41, chapter 6 to carry out this
- 14 chapter.
- 15 4. Contract with any private party and enter into interagency and
- 16 intergovernmental agreements pursuant to title 11, chapter 7, article 3 with
- 17 any public agency.
- 18 5. Sue and be sued.
- 19 6. Hire staff and consultants, including legal counsel.

20 Sec. 2. Repeal

21 Title 12, chapter 6, article 14, Arizona Revised Statutes, is repealed.

22 Sec. 3. The Arizona Revised Statutes are amended by adding title 18,

23 to read:

24 TITLE 18

25 INFORMATION TECHNOLOGY

26 CHAPTER 1

27 GOVERNMENT INFORMATION TECHNOLOGY

28 ARTICLE 1. GENERAL PROVISIONS

29 ARTICLE 2. INFORMATION TECHNOLOGY AUTHORIZATION COMMITTEE

30 ARTICLE 3. ALTERNATIVE ACCESS TO ELECTRONIC OR INFORMATION TECHNOLOGY

31 CHAPTER 2

32 NETWORK ACCESS

33 ARTICLE 1. ACCEPTABLE USE POLICY

34 ARTICLE 2. UNIFORM RESOURCE LOCATOR STANDARDS

35 ARTICLE 3. ENCRYPTION STANDARDS

36 ARTICLE 4. DATA REFERENCE STANDARDS

37 CHAPTER 3

38 GOVERNMENTAL REPORTING OF INFORMATION

39 ARTICLE 1. GENERAL PROVISIONS

40 CHAPTER 4

41 NETWORK SERVICES

42 ARTICLE 1. GENERAL PROVISIONS

43 ARTICLE 2. DEPARTMENT OF ADMINISTRATION

44 ARTICLE 3. SECRETARY OF STATE

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CHAPTER 5
NETWORK SECURITY
ARTICLE 1. COMPUTER SPYWARE
ARTICLE 2. GOVERNMENT ANTI-IDENTIFICATION PROCEDURES
ARTICLE 3. INTERNET REPRESENTATIONS

Sec. 4. Transfer and renumber

A. Title 41, chapter 32, Arizona Revised Statutes, is transferred and renumbered for placement in title 18, Arizona Revised Statutes, as added by this act, as chapter 1. Title 41, chapter 32, articles 1, 2 and 3, Arizona Revised Statutes, are transferred and renumbered for placement in title 18, chapter 1, Arizona Revised Statutes, as added by this act, as articles 1, 2 and 3, respectively. The following sections are transferred and renumbered for placement in title 18, chapter 1, article 1:

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

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

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

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

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

B. The following sections are transferred and renumbered for placement 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

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

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

1 41-4604 18-304
2 D. The following sections are transferred and renumbered for placement
3 in title 18, chapter 4, article 1:

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

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

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

12 The following sections are transferred and renumbered for placement in
13 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

18 Section 38-542, Arizona Revised Statutes, as amended by Laws 2011,
19 chapter 332, section 27, is transferred and renumbered for placement in title
20 18, chapter 4, article 3, Arizona Revised Statutes, as section
21 18-444. Section 38-542, Arizona Revised Statutes, as amended by Laws 2014,
22 chapter 149, section 1, is transferred and renumbered for placement in title
23 18, chapter 4, article 3, Arizona Revised Statutes, as section 18-444.

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

<u>Former Sections</u>	<u>New Sections</u>
44-7301	18-501
44-7302	18-502
44-7303	18-503
44-7304	18-504

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

41-4171	18-521
41-4172	18-522

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

44-7201	18-541
44-7202	18-542
44-7203	18-543
44-7204	18-544
44-7501	18-545

42 Sec. 5. Heading repeal

43 A. The following chapter headings are repealed:

- 44 1. Title 41, chapter 39, Arizona Revised Statutes.
- 45 2. Title 41, chapter 51, Arizona Revised Statutes.

- 1 3. Title 44, chapter 29, Arizona Revised Statutes.
- 2 4. Title 44, chapter 30, Arizona Revised Statutes.
- 3 5. Title 44, chapter 32, Arizona Revised Statutes.
- 4 B. The following article headings are repealed:
- 5 1. Title 41, chapter 39, article 1, Arizona Revised Statutes.
- 6 2. Title 41, chapter 39, article 2, Arizona Revised Statutes.
- 7 3. Title 41, chapter 51, article 1, Arizona Revised Statutes.
- 8 4. Title 44, chapter 29, article 1, Arizona Revised Statutes.
- 9 5. Title 44, chapter 30, article 1, Arizona Revised Statutes.
- 10 6. Title 44, chapter 32, article 1, Arizona Revised Statutes.
- 11 Sec. 6. Section 18-104, Arizona Revised Statutes, as transferred and
- 12 renumbered, is amended to read:
- 13 18-104. Powers and duties of the department; violation;
- 14 classification
- 15 A. The department shall:
- 16 1. Develop, implement and maintain a coordinated statewide plan for
- 17 information technology. This includes:
- 18 (a) Adopting statewide technical, coordination and security standards
- 19 for information technology.
- 20 (b) Serving as statewide coordinator for information technology
- 21 resources.
- 22 (c) Developing a statewide disaster recovery plan.
- 23 (d) Developing a list of approved department projects by priority
- 24 category.
- 25 (e) Developing a detailed list of information technology assets **THAT**
- 26 **ARE** owned, leased or employed by this state.
- 27 (f) Evaluating and either approving or disapproving budget unit
- 28 information technology plans. Budget units shall submit information
- 29 technology plans that include quality assurance plans and disaster recovery
- 30 plans to the department each year on or before September 1. The legislative
- 31 and judicial departments of state government shall submit information
- 32 technology plans for information purposes.
- 33 (g) Evaluating specific information technology projects relating to
- 34 the approved budget unit and statewide information technology plans. The
- 35 department shall approve or reject projects with total costs of at least
- 36 twenty-five thousand dollars but not more than one million dollars and may
- 37 establish conditional approval criteria, including procurement purchase
- 38 authority. If the total project costs exceed one million dollars, the
- 39 department shall evaluate the project and make recommendations to the
- 40 committee. If the total project costs exceed five million dollars, the
- 41 department shall require the budget unit to contract with an independent
- 42 third party for review of and guidance on the technology approach, scope,
- 43 estimated cost, timeline for completion and overall feasibility of the
- 44 project before making recommendations to the committee. As part of a budget
- 45 request for an information technology project that has total costs of at

1 least twenty-five thousand dollars, a budget unit shall indicate the status
2 of review by the department. Projects shall not be artificially divided to
3 avoid review by the department.

4 (h) EVALUATING ALL INFORMATION TECHNOLOGY SOFTWARE DEVELOPMENT FOR
5 BUDGET UNITS. A BUDGET UNIT SHALL:

6 (i) MAKE AVAILABLE ANY SOFTWARE THAT IS SUITABLE TO ANY OTHER BUDGET
7 UNIT AND THAT WAS DEVELOPED BY A THIRD-PARTY DEVELOPER OR PREVIOUSLY
8 DEVELOPED IN-HOUSE.

9 (ii) PURCHASE COMMERCIAL OFF-THE-SHELF SOFTWARE FROM A RETAIL
10 PROVIDER.

11 (iii) CONTRACT WITH AN INDEPENDENT THIRD PARTY FOR ALL NEW SOFTWARE
12 DEVELOPMENT. THE BUDGET UNIT MAY NOT DEVELOP NEW SOFTWARE IN-HOUSE OR MODIFY
13 ANY CURRENT SOFTWARE PRODUCT UNLESS THE SOFTWARE WAS DEVELOPED BEFORE 2005.

14 2. Require that budget units incorporate a life-cycle analysis into
15 the information technology planning, budgeting and procurement processes.

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

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

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

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

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

30 8. Provide to budget units information technology consulting services
31 it deems necessary, either directly or by procuring outside consulting
32 services.

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

35 10. Provide staff support to the committee.

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

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

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

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

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

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

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

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

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

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

23 Sec. 7. Section 18-105, Arizona Revised Statutes, as transferred and
24 renumbered, is amended to read:

25 18-105. Statewide information security and privacy office;
26 duties; suspension of budget unit's information
27 infrastructure; notification of security incidents

28 A. The statewide information security and privacy office is
29 established in the department. The statewide information security and
30 privacy office shall serve as the strategic planning, facilitation and
31 coordination office for information technology security in this state.
32 Individual budget units shall continue to maintain operational responsibility
33 for information technology security.

34 B. The director shall appoint a statewide chief information security
35 officer to manage the statewide information security and privacy office. The
36 statewide chief information security officer shall report to the director
37 pursuant to section ~~41-3503~~ 18-103.

38 C. The statewide information security and privacy office shall
39 develop, implement, maintain and ensure compliance by each budget unit with a
40 coordinated statewide assurance plan for information security and privacy.
41 The statewide information security and privacy office shall:

42 1. Direct information security and privacy protection compliance
43 reviews with each budget unit to ensure compliance with standards and
44 effectiveness of security assurance plans as necessary.

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

4 3. Monitor and report compliance of each budget unit with state
5 information security and privacy protection policies, standards and
6 procedures.

7 4. Coordinate statewide information security and privacy protection
8 awareness and training programs.

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

12 D. The statewide information security and privacy office may
13 temporarily suspend operation of information infrastructure that is owned,
14 leased, outsourced or shared in order to isolate the source of, or stop the
15 spread of, an information security breach or other similar incident. A
16 budget unit shall comply with directives to temporarily discontinue or
17 suspend operations of information infrastructure.

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

21 Sec. 8. Title 18, chapter 2, article 1, Arizona Revised Statutes, is
22 amended by adding section 18-204, to read:

23 18-204. State owned or leased computers; notice

24 THE DIRECTOR SHALL REQUIRE BUDGET UNITS TO PROVIDE A NOTICE ON EVERY
25 STATE-OWNED OR LEASED COMPUTER. THE COMPUTER USER SHALL ACCEPT THE TERMS AND
26 CONDITIONS OUTLINED IN THE NOTICE BEFORE PROCEEDING TO LOG IN TO THE COMPUTER
27 SYSTEM. THE NOTICE SHALL BE SUBSTANTIALLY SIMILAR TO THE FOLLOWING:

28 NOTICE: YOU ARE ACCESSING THE STATE OF ARIZONA LOCAL/WIDE
29 AREA NETWORK. THIS SYSTEM IS FOR AUTHORIZED USERS ONLY. ALL
30 EQUIPMENT, SYSTEMS, SERVICES AND SOFTWARE CONNECTED TO THIS
31 NETWORK ARE INTENDED ONLY FOR THE OFFICIAL BUSINESS USE, AND ARE
32 THE PROPERTY, OF THE STATE OF ARIZONA. THE STATE OF ARIZONA
33 RESERVES THE RIGHT TO AUDIT, INSPECT AND DISCLOSE ALL
34 TRANSACTIONS AND DATA SENT OVER THIS MEDIUM IN A MANNER
35 CONSISTENT WITH STATE AND FEDERAL LAWS. USERS SHOULD HAVE NO
36 EXPECTATION OF PRIVACY AS TO ANY COMMUNICATION ON OR INFORMATION
37 STORED WITHIN THE SYSTEM. BY USING THIS SYSTEM YOU EXPRESSLY
38 CONSENT TO ALL SUCH AUDITING, INSPECTION AND DISCLOSURE. ONLY
39 SOFTWARE APPROVED, SCANNED FOR VIRUSES AND LICENSED FOR STATE OF
40 ARIZONA USE WILL BE PERMITTED ON THIS NETWORK. DATA ACCESSIBLE
41 VIA STATE SYSTEMS CANNOT BE USED FOR PERSONAL OR COMMERCIAL USE
42 UNLESS SPECIFICALLY AUTHORIZED IN WRITING BY THE STATE OF
43 ARIZONA. ANY ILLEGAL OR UNAUTHORIZED USE OF STATE OF ARIZONA
44 EQUIPMENT, SYSTEMS, SERVICES OR SOFTWARE BY ANY PERSON MAY BE

1 SUBJECT TO CIVIL OR CRIMINAL PROSECUTION UNDER STATE AND FEDERAL
2 LAWS AND MAY RESULT IN DISCIPLINARY ACTION IF APPROPRIATE.

3 Sec. 9. Title 18, chapter 2, Arizona Revised Statutes, is amended by
4 adding articles 2, 3 and 4, to read:

5 ARTICLE 2. UNIFORM RESOURCE LOCATOR STANDARDS

6 18-211. Public body website; domain name; definition

7 A. A PUBLIC BODY THAT OPERATES A WEBSITE SHALL USE THE SECOND-LEVEL
8 DOMAIN NAME.GOV FOR THAT WEBSITE.

9 B. FOR THE PURPOSES OF THIS SECTION, "PUBLIC BODY" HAS THE SAME
10 MEANING PRESCRIBED IN SECTION 38-431.

11 ARTICLE 3. Encryption standards

12 18-221. Data encryption; minimum standard

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

17 B. THE DEPARTMENT SHALL ADOPT A MINIMUM ENCRYPTION STANDARD THAT MEETS
18 THE MINIMUM ENCRYPTION STANDARD ADOPTED BY THE UNITED STATES POSTAL SERVICE
19 FOR ADVANCED ENCRYPTION AND THAT INCLUDES A 256-BIT ENCRYPTION KEY. BUDGET
20 UNITS SHALL PURCHASE NEW INFORMATION TECHNOLOGY SYSTEMS THAT MEET THE MINIMUM
21 ENCRYPTION STANDARD ADOPTED BY THE DEPARTMENT. BUDGET UNITS SHALL ESTABLISH
22 AND SUBMIT TO THE DEPARTMENT A PLAN TO UPGRADE SYSTEMS CURRENTLY IN OPERATION
23 TO MEET THE MINIMUM STANDARD THAT INCLUDES ALL OF THE FOLLOWING:

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

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

28 3. THE ASSOCIATED RISK TO THE DEPARTMENT.

29 C. THIS SECTION APPLIES ONLY TO HARDWARE AND SOFTWARE THAT IS NOT MORE
30 THAN TEN YEARS OLD.

31 ARTICLE 4. DATA REFERENCE STANDARDS

32 18-231. Data validity

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

38 18-232. United States postal service

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

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

1 18-233. Interface; vital records; notification

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

4 B. THE DEPARTMENT SHALL NOTIFY THE STATE REGISTRAR OF VITAL RECORDS OF
5 ANY CONFLICTING DATA. THE STATE REGISTRAR OF VITAL RECORDS SHALL MITIGATE
6 ANY DATA CONFLICT.

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

9 Sec. 10. Section 18-443, Arizona Revised Statutes, as transferred and
10 renumbered, is amended to read:

11 18-443. Electronic database system; procedures

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

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

18 1. Approval of the local governing body.

19 2. The local governing body conforming the local governing body's
20 financial disclosure requirement and lobbying disclosure requirements with
21 requirements of this state.

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

26 Sec. 11. Title 18, chapter 4, article 3, Arizona Revised Statutes, is
27 amended by adding sections 18-445 and 18-446, to read:

28 18-445 Electronic filing; statements of contributions and
29 expenditures; political subdivisions

30 SUBJECT TO LEGISLATIVE APPROPRIATION AND NOTWITHSTANDING ANY OTHER LAW,
31 THE SECRETARY OF STATE MAY DEVELOP AN ELECTRONIC FILING SYSTEM FOR
32 STATEMENTS, DESIGNATIONS AND REPORTS THAT ARE REQUIRED BY TITLE 16, CHAPTER
33 6, ARTICLE 1. THIS SYSTEM MAY BE USED BY ANY POLITICAL SUBDIVISION THAT
34 CHOOSES TO OPT IN TO THE SYSTEM BY GIVING NOTICE TO THE SECRETARY OF STATE AT
35 LEAST THIRTY DAYS BEFORE THE FIRST REPORT IS DUE FOR A CALENDAR YEAR FOR THAT
36 POLITICAL SUBDIVISION PURSUANT TO SECTION 16-913 AND THAT PAYS A FEE AS
37 DETERMINED BY THE SECRETARY OF STATE. THE SYSTEM MUST COMPLY WITH SECTION
38 16-916.01.

39 18-446. Business licensing; electronic database; definitions

40 A. NOTWITHSTANDING ANY OTHER LAW AND SUBJECT TO LEGISLATIVE
41 APPROPRIATION, AN AGENCY THAT HAS APPROVED AN APPLICANT FOR A LICENSE SHALL
42 FORWARD THE APPROVED APPLICATION TO THE SECRETARY OF STATE, AND THE SECRETARY
43 OF STATE SHALL ISSUE THE LICENSE.

1 B. THE SECRETARY OF STATE SHALL ESTABLISH AND MAINTAIN AN ELECTRONIC
2 DATABASE OF ALL LICENSES ISSUED BY AN AGENCY THAT IS ELECTRONICALLY
3 SEARCHABLE BY THE PUBLIC.

4 C. IF AN AGENCY HAS APPROVED AN APPLICANT FOR A LICENSE AND THE
5 SECRETARY OF STATE HAS ISSUED THAT LICENSE, THE AGENCY SHALL FORWARD THE
6 FOLLOWING INFORMATION FOR EACH LICENSEE TO THE SECRETARY OF STATE TO BE
7 ENTERED INTO THE ELECTRONIC DATABASE ESTABLISHED PURSUANT TO SUBSECTION B OF
8 THIS SECTION:

9 1. THE LICENSEE'S NAME AND CONTACT INFORMATION.

10 2. THE STATUS OF THE LICENSE.

11 3. THE LICENSEE'S EDUCATION AND TRAINING.

12 D. FOR THE PURPOSES OF THIS SECTION:

13 1. "AGENCY" MEANS ANY AGENCY, DEPARTMENT, BOARD OR COMMISSION OF THIS
14 STATE THAT ISSUES A LICENSE.

15 2. "LICENSE" MEANS ANY CERTIFICATE, REGISTRATION OR LICENSE THAT IS
16 REQUIRED BY LAW AND THAT IS ISSUED BY ANY AGENCY EITHER:

17 (a) FOR THE PURPOSE OF OPERATING A BUSINESS IN THIS STATE.

18 (b) TO AN INDIVIDUAL WHO PROVIDES A SERVICE TO ANY PERSON AND THE
19 LICENSE IS NECESSARY IN PERFORMING THAT SERVICE.

20 Sec. 12. Section 18-501, Arizona Revised Statutes, as transferred and
21 renumbered, is amended to read:

22 18-501. Definitions

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

24 1. "Advertisement" means a communication the primary purpose of which
25 is the commercial promotion of a commercial product or service, including
26 communication on an internet ~~web-site~~ WEBSITE that is operated for a
27 commercial purpose.

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

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

34 4. "Execute" means the performance of the functions or the carrying
35 out of the instructions of the computer software.

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

37 (a) By means of an intentionally and materially false or fraudulent
38 statement.

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

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

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

9 7. "Owner or operator" means the owner or lessee of a computer or
10 someone using the computer with the owner's or lessee's authorization. Owner
11 or operator does not include any person who owns a computer before the first
12 retail sale of the computer.

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

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

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

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

19 (c) An electronic mail address.

20 (d) A credit or debit card number or bank account number or any
21 password or access code associated with a credit or debit card or bank
22 account.

23 (e) A social security number, tax identification number, driver
24 license number, passport number or any other government-issued identification
25 number.

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

28 (i) Account balances.

29 (ii) Overdraft history.

30 (iii) Payment history.

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

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

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

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

1 Sec. 13. Section 18-502, Arizona Revised Statutes, as transferred and
2 renumbered, is amended to read:

3 18-502. Prohibited activities; applicability

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

8 1. Modify, through intentionally deceptive means, settings that
9 control any of the following:

10 (a) The page that appears when an owner or operator of a computer
11 launches an internet browser or similar computer software used to access and
12 navigate the internet.

13 (b) The default provider or web proxy that an owner or operator of a
14 computer uses to access or search the internet.

15 (c) An owner or operator's list of bookmarks used to access web pages.

16 2. Collect, through intentionally deceptive means, personally
17 identifiable information:

18 (a) Through the use of a keystroke logging function that records all
19 keystrokes made by an authorized user who uses the computer and transfers
20 that information from the computer to another person.

21 (b) In a manner that correlates the information with data respecting
22 all or substantially all of the ~~web-sites~~ WEBSITES visited by an owner or
23 operator of the computer, other than ~~web-sites~~ WEBSITES operated by the
24 person collecting the information.

25 (c) With respect only to information described in section ~~44-7301~~
26 18-501, paragraph 9, by extracting such information from the hard drive of an
27 ~~owner~~ OWNER'S or operator's computer.

28 3. Prevent, through intentionally deceptive means, an ~~owner~~ OWNER'S or
29 operator's reasonable efforts to block the installation or execution of, or
30 to disable, computer software by causing software that an owner or operator
31 of the computer has properly removed or disabled automatically to reinstall
32 or reactivate on the computer.

33 4. Intentionally misrepresent that computer software will be
34 uninstalled or disabled by an ~~owner~~ OWNER'S or operator's action.

35 5. Through intentionally deceptive means, remove, disable or render
36 inoperative security, antispyware or antivirus computer software installed on
37 the computer.

38 6. Take control of the computer by:

39 (a) Accessing or using the modem or internet service for the computer
40 for the purpose of causing damage to the computer or causing an owner or
41 operator to incur financial charges for a service that the owner or operator
42 of the computer has not authorized.

43 (b) Opening multiple, sequential, stand alone advertisements in an
44 ~~owner~~ OWNER'S or operator's internet browser without the authorization of ~~an~~

1 THE owner or operator ~~and~~ that a reasonable computer user cannot close
2 without turning off the computer or closing the internet browser.

3 7. Modify any of the following settings related to the computer's
4 access to, or use of, the internet:

5 (a) Settings that protect information about an owner or operator of
6 the computer for the purpose of stealing personally identifiable information
7 of the owner or operator.

8 (b) Security settings for the purpose of causing damage to a computer.

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

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

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

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

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

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

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

36 Sec. 14. Section 18-504, Arizona Revised Statutes, as transferred and
37 renumbered, is amended to read:

38 18-504. Civil remedies; damages

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

43 1. Enjoin further violations of this chapter.

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

1 B. A single action or conduct that violates more than one paragraph of
2 section ~~44-7302~~ 18-502, subsection A or ~~subsection~~ B or at least one
3 paragraph of section ~~44-7302~~ 18-502, subsection A and at least one paragraph
4 of section ~~44-7302~~ 18-502, subsection B shall be considered multiple
5 violations. The number of violations shall be based on the number of
6 paragraphs violated.

7 C. In an action brought under this section, a court may:

8 1. Increase the damages up to three times the damages allowed by
9 subsection A of this section if the defendant has engaged in a pattern and
10 practice of violating this chapter.

11 2. Award costs and reasonable attorney fees to the prevailing party.

12 Sec. 15. Section 18-541, Arizona Revised Statutes, as transferred and
13 renumbered, is amended to read:

14 18-541. Definitions

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

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

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

- 24 (a) Social security number.
- 25 (b) Driver license number.
- 26 (c) Bank account number.
- 27 (d) Credit or debit card number.
- 28 (e) Personal identification number.
- 29 (f) Automated or electronic signature.
- 30 (g) Unique biometric data.
- 31 (h) Account passwords.

32 3. "Internet" means collectively the myriad of computer and
33 telecommunications facilities, including equipment and operating software,
34 that comprise the interconnected worldwide network of networks that employ
35 the transmission control protocol or internet protocol, or any predecessor or
36 successor protocols to such protocol, to communicate information of all kinds
37 by wire or radio.

38 4. "Web page" means a location with respect to the worldwide web that
39 has a single uniform resource locator or other single location with respect
40 to the internet.

41 Sec. 16. Section 18-542, Arizona Revised Statutes, as transferred and
42 renumbered, is amended to read:

43 18-542. Prohibition

44 A person, WITH THE INTENT TO COMMIT FRAUD OR THEFT, shall not ~~by means~~
45 ~~of~~ USE a web page or electronic mail message or otherwise ~~using~~ USE the

1 internet TO solicit, request or take any action to induce another person to
2 provide identifying information by representing that the person, either
3 directly or by implication, is an ~~on-line~~ ONLINE business without the
4 authority or approval of the ~~on-line~~ ONLINE business.

5 Sec. 17. Section 18-543, Arizona Revised Statutes, as transferred and
6 renumbered, is amended to read:

7 18-543. Civil remedies; damages

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

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

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

16 B. A PERSON, OTHER THAN A PERSON WHO IS DESCRIBED IN SUBSECTION A OF
17 THIS SECTION, WHO IS ADVERSELY AFFECTED BY REASON OF A VIOLATION OF THIS
18 ARTICLE MAY BRING AN ACTION ONLY AGAINST THE PERSON WHO VIOLATES THIS ARTICLE
19 TO:

20 1. ENJOIN FURTHER VIOLATIONS OF THIS ARTICLE.

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

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

25 1. ENJOIN FURTHER VIOLATIONS OF THIS ARTICLE.

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

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

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

35 ~~C-~~ F. The attorney general may also recover reasonable attorney fees
36 and costs.

37 ~~D-~~ G. For the purposes of this section, multiple violations of this
38 ~~chapter~~ ARTICLE resulting from any single action or act shall constitute one
39 violation.

40 Sec. 18. Section 18-544, Arizona Revised Statutes, as transferred and
41 renumbered, is amended to read:

42 18-544. Violation; classification

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

1 Sec. 19. Section 28-2065, Arizona Revised Statutes, is amended to
2 read:

3 28-2065. Electronic and digital signatures; documents

4 A. ~~On or before January 1, 2009,~~ The director in cooperation with a
5 statewide association of franchised new motor vehicle dealers shall establish
6 a schedule to develop a pilot program to accept and use electronic or digital
7 signatures.

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

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

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

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

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

33 G. This section does not limit the use of electronic and digital
34 signatures used by state agencies, boards or commissions pursuant to section
35 ~~41-132~~ 18-442.

36 H. The director shall adopt policies necessary to implement this
37 section.

38 Sec. 20. Section 33-1701, Arizona Revised Statutes, is amended to
39 read:

40 33-1701. Definitions; exception

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

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

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

1 14. "Rental agreement" means any written agreement provided to the
2 occupant that establishes or modifies the terms, conditions or rules
3 concerning the use and occupancy of leased space at a self-service storage
4 facility.

5 15. "Self-service storage facility" means any real property used for
6 renting or leasing storage spaces in which the occupants themselves
7 customarily store and remove their own personal property on a self-service
8 basis.

9 16. "Vehicle" means a motor vehicle, a trailer or a semitrailer as
10 defined in section 28-101 and a motorized watercraft as defined in section
11 5-301.

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

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

17 Sec. 21. Section 36-3802, Arizona Revised Statutes, is amended to
18 read:

19 36-3802. Individual rights

20 A. A health information organization must provide the following rights
21 to individuals:

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

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

33 3. To request amendment of incorrect individually identifiable health
34 information available through the health information organization.

35 4. To request a list of the persons who have accessed the individual's
36 individually identifiable health information through the health information
37 organization for a period of at least three years before the individual's
38 request. This list must be provided to the individual within thirty days
39 after the individual's request.

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

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

4 Sec. 22. Section 38-543, Arizona Revised Statutes, is amended to read:

5 38-543. Duty to file financial disclosure statement by
6 candidate for public office

7 A candidate for public office as specified in section 38-541, paragraph
8 shall file a financial disclosure statement covering the preceding
9 twelve-month period and containing the information described in section
10 ~~38-542~~ 18-444 on a form prescribed by the secretary of state at the time of
11 filing of nomination papers.

12 Sec. 23. Section 38-544, Arizona Revised Statutes, is amended to read:

13 38-544. Violation; classification

14 A. Any public officer, local public officer or candidate who knowingly
15 fails to file a financial disclosure statement required pursuant to section
16 ~~38-542~~ 18-444, 38-543 or 38-545, who knowingly files an incomplete financial
17 disclosure statement or who knowingly files a false financial disclosure
18 statement is guilty of a class 1 misdemeanor.

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

23 Sec. 24. Section 41-121, Arizona Revised Statutes, is amended to read:

24 41-121. Duties

25 A. The secretary of state shall:

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

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

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

31 4. Affix the great seal, with the secretary of state's attestation, to
32 public instruments to which the official signature of the governor is
33 attached.

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

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

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

1 8. Keep a fee book of fees and compensation of whatever kind and
2 nature earned, collected or charged by the secretary of state, with the date,
3 the name of the payer and the nature of the service in each case. The fee
4 book shall be verified annually by the secretary of state's affidavit entered
5 in the fee book.

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

7 10. Report to the governor on January 2 each year, and at such other
8 times as provided by law, a detailed account of the secretary of state's
9 official actions taken since the secretary of state's previous report
10 together with a detailed statement of the manner in which all appropriations
11 for the secretary of state's office have been expended.

12 11. Transfer all noncurrent or inactive books, records, deeds and other
13 papers otherwise required to be filed with or retained by the secretary of
14 state to the custody of the Arizona state library, archives and public
15 records.

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

18 13. Accept, and approve for use, electronic and digital signatures that
19 comply with section ~~41-132~~ 18-442, for documents filed with and by all state
20 agencies, boards and commissions. In consultation with the department of
21 administration and the state treasurer, the secretary of state shall adopt
22 rules pursuant to chapter 6 of this title establishing policies and
23 procedures for the use of electronic and digital signatures by all state
24 agencies, boards and commissions for documents filed with and by all state
25 agencies, boards and commissions.

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

31 B. The secretary of state may refuse to perform a service or refuse a
32 filing based on a reasonable belief that the service or filing is being
33 requested for an unlawful, illegitimate, false or fraudulent purpose or is
34 being requested or submitted in bad faith or for the purpose of harassing or
35 defrauding a person or entity. This subsection does not apply to election
36 filings.

37 Sec. 25. Section 41-352, Arizona Revised Statutes, is amended to read:
38 ~~41-352.~~ Applicability of article; electronic signature laws

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

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

- 1 1. Electronic acknowledgment as acknowledgment.
2 2. Electronic oath as oath.
3 3. Electronic jurat as jurat.
4 4. Electronic affidavit as affidavit.
5 5. Electronic notarial act as notarial act.
6 6. Electronic notarial certificate token as notarial certificate.
7 7. Electronic notary as notary.
8 C. An electronic commission is a commission to perform only electronic
9 notary acts, and only an electronic notary is authorized to perform
10 electronic notary acts.
11 D. Unless otherwise expressly prohibited by law, any electronic
12 notarial act may be performed by either:
13 1. An act in the presence of an electronic notary as prescribed by
14 this article.
15 2. An electronic notarial service as prescribed by this article for
16 which the person signing appears before an electronic notary and by oath or
17 affirmation acknowledges that any notary service electronic document that is
18 created by the person pursuant to this article has the same legal force and
19 effect as if the person appeared before an electronic notary and by oath or
20 affirmation executed an electronic notarial act.
21 E. Section ~~41-132~~ 18-442 applies in conjunction with this article to
22 electronic signatures used by electronic notaries.
23 F. This article applies to electronic notarial acts that are performed
24 by electronic notaries who are appointed in this state and applies only to
25 their acts performed in the United States.
26 Sec. 26. Section 41-1277, Arizona Revised Statutes, is amended to
27 read:
28 41-1277. Joint legislative budget committee: annual report:
29 debt: definitions
30 A. On or before January 31 of each year, the joint legislative budget
31 committee staff shall present to the appropriations committees of the senate
32 and the house of representatives a report on state debt and obligations,
33 including:
34 1. Outstanding general obligation bonds.
35 2. Long-term notes and obligations.
36 3. Certificates of participation and other obligations pursuant to any
37 lease-purchase agreements.
38 4. Revenue bonds.
39 5. Deferred rollover payment obligations.
40 B. The report shall contain, for the most recent fiscal year:
41 1. The statewide aggregate level of outstanding principal and the
42 principal and interest payments, by type of debt or obligation. The report
43 shall be based on data available from the searchable database required by
44 section ~~41-4604~~ 18-304.

- 1 2. Itemization, by budget unit, of the original due date of each
2 deferred payment for deferred rollover payment obligations, the amount of
3 interest paid to date due to the deferral and the amount of yearly interest
4 to be paid in the most recent and the next fiscal year due to the deferral.
5 3. Information on per capita state debt and obligations.
6 4. Information on the ten-year history of state debt and obligations
7 based on available data.
8 C. The report and a link to the searchable database required by
9 section ~~41-4604~~ 18-304 shall be posted on the joint legislative budget
10 committee's website, and a copy of the report shall be provided to any member
11 of the public who makes a request.
12 D. For the purposes of this section:
13 1. "Deferred rollover payment obligation" means an obligation to make
14 a payment in a fiscal year that was due in and deferred from a previous
15 fiscal year.
16 2. "State debt and obligations" means debt and obligations whose
17 principal or interest is paid with state funds.
18 Sec. 27. Section 41-1504, Arizona Revised Statutes, is amended to
19 read:
20 41-1504. Powers and duties; e-verify requirement
21 A. The board of directors, on behalf of the authority, may:
22 1. Adopt and use a corporate seal.
23 2. Sue and be sued.
24 3. Enter into contracts as necessary to carry out the purposes and
25 requirements of this chapter, including intergovernmental agreements pursuant
26 to title 11, chapter 7, article 3 and interagency service agreements as
27 provided by section 35-148.
28 4. Lease real property and improvements to real property for the
29 purposes of the authority. Leases by the authority are exempt from chapter
30 4, article 7 of this title, relating to management of state properties.
31 5. Employ or retain legal counsel and other consultants as necessary
32 to carry out the purposes of the authority.
33 6. Develop and use written policies, procedures and guidelines for the
34 terms and conditions of employing officers and employees of the authority and
35 may include background checks of appropriate personnel.
36 B. The board of directors, on behalf of the authority, shall:
37 1. Develop comprehensive long-range strategic economic plans for this
38 state and submit the plans to the governor.
39 2. Annually update a strategic economic plan for submission to the
40 governor.
41 3. Accept gifts, grants and loans and enter into contracts and other
42 transactions with any federal or state agency, municipality, private
43 organization or other source.

1 C. The authority shall:

2 1. Assess and collect fees for processing applications and
3 administering incentives. The board shall adopt the manner of computing the
4 amount of each fee to be assessed. Within thirty days after proposing fees
5 for adoption, the chief executive officer shall submit a schedule of the fees
6 for review by the joint legislative budget committee. It is the intent of
7 the legislature that a fee shall not exceed one ~~per cent~~ PERCENT of the
8 amount of the incentive.

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

17 3. Determine and collect security deposits for the allocation, for the
18 extension of allocations and for the difference between allocations and
19 principal amounts of federal tax exempt industrial development bonds and
20 student loan bonds authorized by the authority. Security deposits forfeited
21 to the authority shall be deposited in the state general fund.

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

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

31 6. Be the state registration agency for apprenticeship functions
32 prescribed by the federal government.

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

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

37 2. Use monies, facilities or services to provide matching
38 contributions under federal or other programs that further the objectives and
39 programs of the authority.

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

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

4 5. Establish and maintain one or more accounts in banks or other
5 depositories, for public or private monies of the authority, from which
6 operational activities, including payroll, vendor and grant payments, may be
7 conducted. Individual funds that are established by law under the
8 jurisdiction of the authority may be maintained in separate accounts in banks
9 or other depositories, but shall not be commingled with any other monies or
10 funds of the authority.

11 E. The chief executive officer shall:

12 1. Hire employees and prescribe the terms and conditions of their
13 employment as necessary to carry out the purposes of the authority. The
14 board of directors shall adopt written policies, procedures and guidelines,
15 similar to those adopted by the department of administration, regarding
16 officer and employee compensation, observed holidays, leave and reimbursement
17 of travel expenses and health and accident insurance. The officers and
18 employees of the authority are exempt from any laws regulating state
19 employment, including:

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

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

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

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

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

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

38 G. Notwithstanding any other law, the authority is subject to chapter
39 3.1, article 1 of this title, relating to risk management.

40 H. The authority is exempt from ~~TITLE 18, chapter 32 1,~~ articles 1 and
41 ~~2 of this title,~~ relating to statewide information technology. The authority
42 shall adopt policies, procedures and guidelines regarding information
43 technology.

44 I. The authority is exempt from state general accounting and finance
45 practices and rules adopted pursuant to chapter 4, article 3 of this title,

1 but the board shall adopt written accounting practices, systems and
2 procedures for the economic and efficient operation of the authority.

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

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

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

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

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

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

21 Sec. 28. Section 41-2513, Arizona Revised Statutes, is amended to
22 read:

23 41-2513. Authority to contract for certain services

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

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

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

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

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

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

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

6 Sec. 32. Section 44-7042, Arizona Revised Statutes, is amended to
7 read:

8 44-7042. Sending and accepting electronic records

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

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

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

24 2. If electronic records must be signed by electronic means, the type
25 of electronic signature required, the manner and format in which the
26 electronic signature must be affixed to the electronic record and the
27 identity of or criteria that must be met by any third party used by a person
28 filing a document to facilitate the process.

29 3. Control processes and procedures as appropriate to ensure adequate
30 preservation, disposition, integrity, security, confidentiality and ability
31 to perform audits of electronic records.

32 4. Any other required attributes for electronic records that are
33 specified for corresponding nonelectronic records or that are reasonably
34 necessary under the circumstances.

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

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

40 47-9525. Fees

41 A. Except as otherwise provided in subsection E of this section and
42 except for a filing office described in section 47-9501, subsection A,
43 paragraph 1, the fee for filing and indexing a record under this article,
44 other than an initial financing statement of the kind described in section
45 47-9502, subsection C, is not more than nine dollars as provided in sections

1 18-441 AND 41-126 ~~and 41-127~~, if the record is communicated in writing or by
2 any other medium authorized by filing office rule.

3 B. Except as otherwise provided in subsection E of this section, the
4 fee for filing and indexing an initial financing statement of the kind
5 described in section 47-9502, subsection C is not more than nine dollars as
6 provided in sections 18-441 AND 41-126 ~~and 41-127~~ if the financing statement
7 indicates that it is filed in connection with a manufactured home
8 transaction.

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

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

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

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

28 Sec. 34. Laws 2006, chapter 232, section 3 is amended to read:

29 Sec. 3. Conditional repeal; notice

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

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

35 Sec. 35. Requirements for enactment; three-fourths vote

36 Pursuant to article IV, part 1, section 1, Constitution of Arizona,
37 section 8-1192, Arizona Revised Statutes, as amended by this act, is
38 effective only on the affirmative vote of at least three-fourths of the
39 members of each house of the legislature.