

REFERENCE TITLE: budget procedures; 2015-2016.

State of Arizona
Senate
Fifty-second Legislature
First Regular Session
2015

SB 1472

Introduced by
Senators Biggs, Allen, Griffin, Shooter, Yarbrough (with permission of
Committee on Rules)

AN ACT

AMENDING SECTIONS 35-115, 35-142 AND 41-707, ARIZONA REVISED STATUTES;
AMENDING TITLE 41, CHAPTER 4, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING
SECTION 41-740.01; AMENDING SECTION 41-1273, ARIZONA REVISED STATUTES;
RELATING TO STATE BUDGET PROCEDURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 35-115, Arizona Revised Statutes, is amended to
3 read:

4 35-115. Contents of budget report

5 Each budget report as required by section 35-111 shall include the
6 following:

7 1. Summary statements of the financial condition of the state, to
8 include:

9 (a) A consolidated balance sheet showing all current assets and
10 liabilities of the state at the close of the fiscal year last concluded.

11 (b) Summary statements of the actual income and expenditures of the
12 fiscal year last concluded.

13 (c) Similar summary statements of estimated fund balances for the
14 current fiscal year.

15 2. Schedules showing actual income from each source for the preceding
16 fiscal year and the estimated income of the current fiscal year and of the
17 two ensuing fiscal years for biennial budget units and for the next fiscal
18 year for annual budget units. The statements of income and estimated income
19 shall be itemized by source, by budget units and sources, ~~and~~ and by funds and
20 shall show separately revenue from nonrevenue, all detailed by sources.

21 3. Detailed comparative statements of expenditures and requests for
22 appropriations by funds, budget units, budget programs and budget classes,
23 showing the expenditures for the fiscal year last concluded, and the
24 estimated expenditures for the current year, and the request of each budget
25 unit and the governor's recommendations for appropriations for the two
26 ensuing fiscal years for biennial budget units and for the next fiscal year
27 for annual budget units, all distributed according to budget programs and
28 budget classes. In connection with each expenditure involving construction
29 projects to be completed in one or more fiscal years, there shall be shown
30 the total estimated cost of each project and the amount recommended to be
31 appropriated and expended in each ensuing fiscal year until completion of the
32 project. The state capital improvement plan and the governor's
33 recommendations concerning the plan shall be incorporated into the budget
34 report.

35 4. A summary statement for each fund of the cash resources estimated
36 to be available at the beginning of the next two fiscal years for biennial
37 budget units and for the next fiscal year for annual budget units and the
38 estimated cash receipts for the two ensuing fiscal years for biennial budget
39 units and for the next fiscal year for annual budget units, as compared with
40 the total recommended amounts for appropriations for all budget programs and
41 budget classes for the two ensuing fiscal years for biennial budget units and
42 for the next fiscal year for annual budget units, and if the total of the
43 recommended expenditures exceeds the total of the estimated resources,
44 recommendations as to how the deficiency is to be met and estimates of
45 receipts from any proposed additional revenues.

1 5. A SUMMARY STATEMENT OF EXPENDITURES AND FULL-TIME EQUIVALENT
2 POSITIONS FOR EACH RETIREMENT SYSTEM, DELINEATED BY FUND SOURCE.

3 ~~5-~~ 6. Each fiscal year for annual budget units and biennially for
4 biennial budget units, delineation of requested expenditures for
5 administrative costs, including administrative personnel salaries and
6 employee-related expenses and direct, indirect and shared costs for
7 administrative office space, equipment, supplies and overhead. For THE
8 purposes of this paragraph, "administrative" means any supportive activity
9 relating to management, supervision, budget or execution of the affairs of
10 the budget unit as distinguished from activities relating to its primary
11 direct service functions. The process of delineation and determination of
12 what constitutes administrative costs for each budget unit shall be developed
13 by the governor's office of strategic planning and budgeting in consultation
14 with the director and staff of the joint legislative budget committee.

15 ~~6-~~ 7. A summary on one page or less providing selected performance
16 measures of the budget unit for the previous fiscal year and the budget
17 years. The performance measures may be expressed as service level measures
18 on a unit cost basis and shall be established by the governor's office of
19 strategic planning and budgeting in consultation with the director and staff
20 of the joint legislative budget committee.

21 Sec. 2. Section 35-142, Arizona Revised Statutes, is amended to read:

22 35-142. Monies kept in funds separate from state general fund;
23 receipt and withdrawal

24 A. All monies received for and belonging to the state shall be
25 deposited in the state treasury and credited to the state general fund except
26 the following, which shall be placed and retained in separate funds:

27 1. The unexpendable principal of monies received from federal land
28 grants shall be placed in separate funds and the account of each such
29 separate fund shall bear a title indicating the source and the institution or
30 purpose to which such fund belongs.

31 2. The interest, rentals and other expendable money received as income
32 from federal land grants shall be placed in separate accounts, each account
33 bearing a title indicating the source and the institution or purpose to which
34 the fund belongs. Such expendable monies shall be expended only as
35 authorized, regulated and controlled by the general appropriation act or
36 other act of the legislature.

37 3. All private or quasi-private monies authorized by law to be paid to
38 or held by the state treasurer shall be placed in separate accounts, each
39 account bearing a title indicating the source and purpose of such fund.

40 4. All monies legally pledged to retirement of building indebtedness
41 or bonds issued by those institutions authorized to incur such indebtedness
42 or to issue such bonds shall be placed in separate accounts.

1 5. Monies of a multi-county water conservation district authorized by
2 law to be paid to or held by the state treasurer shall be placed in separate
3 accounts, each account bearing a title indicating the source and purpose of
4 such fund.

5 6. All monies collected by the Arizona game and fish department shall
6 be deposited in a special fund known as the state game and fish protection
7 fund for the use of the Arizona game and fish commission in carrying out the
8 provisions of title 17.

9 7. All federal monies that are received by the department of economic
10 security for family assistance benefits and medical eligibility as a result
11 of efficiencies developed by the department of economic security and that
12 would otherwise revert to the state general fund pursuant to section 35-190
13 shall be retained for use by the department of economic security in
14 accordance with the terms and conditions imposed by the federal funding
15 source in an account or accounts established or authorized by the state
16 treasurer.

17 8. Monies designated by law as special state funds shall not be
18 considered a part of the general fund. Unless otherwise prescribed by law,
19 the state treasurer shall be the custodian of all such funds.

20 9. All monies received and any accounts established and maintained by
21 the director of the Arizona state retirement system or the administrator of
22 the public safety personnel retirement system, the corrections officer
23 retirement plan and the elected officials' retirement plan.

24 10. Monies received by a state agency or institution as a gift, devise
25 or donation shall not be considered a part of the state general fund or
26 transferred to the state general fund unless the gift, devise or donation
27 specifically authorizes a general state use for the monies. A state agency
28 or institution that receives a monetary gift, devise or donation shall
29 account for those monies separately.

30 B. No money shall be received or held by the state treasurer except as
31 authorized by law, and in every instance the treasurer shall issue a receipt
32 for money received and shall record the transaction in the statewide
33 accounting system. No money shall be withdrawn from the treasury except on
34 the warrant or electronic funds transfer voucher of the department of
35 administration.

36 C. Monies received for and belonging to the state and resulting from
37 compromises or settlements by or against this state, excluding restitution
38 and reimbursement to state agencies for costs or attorney fees, shall be
39 credited to the state general fund unless specifically credited to another
40 fund by law. A fund consisting of monies other than monies received for
41 restitution, costs or attorney fees shall not be established on the basis of
42 a court order without prior legislative authorization. For the purposes of
43 this subsection, "restitution" means monies intended to compensate a
44 specific, identifiable person, including this state, for economic loss.

1 D. All federal monies granted and paid to the state by the federal
2 government shall be accounted for in the accounts or funds of the state in
3 the necessary detail to meet federal and state accounting, budgetary and
4 auditing requirements, and all appropriations for matching such federal
5 monies shall be transferred from the general fund to such separate funds as
6 needed, except as otherwise required by the federal government.

7 E. Nothing in this section requires the establishment of separate
8 accounts or funds for such federal monies unless otherwise required by
9 federal or state law. The department of administration has the authority to
10 use the most efficient system of accounts and records, consistent with legal
11 requirements and standard and necessary fiscal safeguards.

12 F. Nothing in this section precludes the creation by the department of
13 administration of a clearing account or other acceptable accounting method to
14 effect prompt payment of claims from an approved budget or appropriation.
15 The department of administration shall report each account or fund
16 established or cancelled to the directors of the joint legislative budget
17 committee and the governor's office of strategic planning and budgeting.

18 G. Nothing in this section or any other section precludes the use of
19 monies kept in funds separate from the general fund, the interest from which
20 accrues to the general fund, for payment of claims against the general fund,
21 provided sufficient monies remain available for payment of claims against
22 such funds.

23 H. The department of administration may issue warrants for qualified
24 expenditures of federal program monies before they are deposited in the state
25 treasury. The receipt of federal monies shall be timed to coincide, as
26 closely as administratively feasible, with the redemption of warrants by the
27 state treasurer. The department of administration shall limit expenditures
28 to the amount that has been made available for the use under the grant award
29 by the federal government. The state agency initiating the expenditures is
30 responsible for ensuring that expenditures qualify for coverage under the
31 guidelines of the federal grant award.

32 I. The department of administration shall establish the policies and
33 procedures for all state agencies for drawing federal monies. When the
34 established method results in federal monies being held by this state, the
35 department of administration may use the interest earned on the monies to pay
36 the federal government for any related interest liability. If an interest
37 liability is incurred due to a state agency varying from the established
38 policies and procedures, the department of administration shall charge the
39 appropriate agency account or fund. Any federal interest liability owed to
40 this state as a result of the delayed federal disbursements shall be used to
41 offset this state's interest liability to the federal government. Any
42 remaining interest earnings shall be deposited in the state general fund.

43 J. Any state agency or authorized agent of a state agency may accept
44 credit cards pursuant to an agreement entered into by the state treasurer

1 pursuant to section 35-315 for the payment of any amount due to that agency
2 or agent or this state.

3 K. Except for the department of revenue, agencies or authorized agents
4 on behalf of state agencies that accept credit cards shall deduct any
5 applicable discount fee and processing fee associated with the transaction
6 amount before depositing the net amount in the appropriate state fund. No
7 other reduction is permitted against the transaction amount. The net amount
8 deposited in the appropriate state fund shall be considered as the full
9 deposit required by law of monies received by the agency or the authorized
10 agent. Payment of any applicable discount fee and processing fee shall be
11 accounted for in the annual report submitted to the governor's office of
12 strategic planning and budgeting in accordance with section 41-1273. The
13 transaction amount of any credit card transaction shall not be reduced by any
14 discount fee or processing fee in an amount in excess of the merchant card
15 settlement fees reflected in the state banking contract with the state
16 treasurer's office.

17 L. Any state agency that contracts with an authorized agent for the
18 electronic processing of transactions pursuant to title 41, chapter 23 may
19 include a provision in the contract to allow the authorized agent to impose a
20 convenience fee. If allowed, the convenience fee shall be charged to the
21 cardholder in addition to the transaction amount, except for the following:

22 1. Except as provided in subsection ~~S~~ R of this section, any permits,
23 licenses or other authorizations needed to pursue a trade or occupation in
24 this state.

25 2. Except as provided in subsection ~~S~~ R of this section, any permits,
26 licenses or other authorizations needed to establish, expand or operate a
27 business in this state.

28 3. Except as provided in subsection ~~S~~ R of this section, any permits,
29 licenses or other authorizations needed to register a vehicle or license a
30 driver in this state.

31 M. Each state agency or its authorized agent shall:

32 1. Deduct the amount of the convenience fee before depositing the
33 transaction amount or the transaction amount reduced by the discount fee or
34 the processing fee, or both, into the appropriate state fund.

35 2. Not deduct any part of the convenience fee from the transaction
36 amount before depositing the net amount into the appropriate state fund.

37 3. Deduct the amount of the discount fee or the processing fee, or
38 both, from the transaction amount before depositing the net amount into the
39 appropriate state fund.

40 N. The net amount deposited in the appropriate state fund pursuant to
41 subsection L or M of this section shall be considered as the full deposit of
42 monies that is required by law and that is received by the agency.

43 O. Notwithstanding section 35-142.01, convenience fees received by a
44 state agency or its authorized agent are limited to, and may be used to

1 offset, the costs imposed by the authorized agent in processing the
2 transactions.

3 P. When the percentage of electronic transactions first exceeds at
4 least thirty ~~per cent~~ PERCENT of a state agency's total transactions, the
5 state agency shall perform a cost benefit report, including costs of
6 convenience fees, the amount of revenue generated and any realized cost
7 savings.

8 ~~Q. State agencies shall report the number of transactions, the number
9 of electronic transactions, the total dollar amount of transactions
10 processed, the total dollar amount of any discount fee, the total dollar
11 amount of any processing fee and the total dollar amount of any convenience
12 fee charged, deducted or paid pursuant to subsections K and L of this section
13 annually by October 1 to the governor, the department of administration and
14 the joint legislative budget committee.~~

15 ~~R.~~ Q. Nothing in this section or any other provision of law
16 authorizes any state agency, authorized agent of any state agency or budget
17 unit to establish a bank account for any government monies. All monies
18 received by or on behalf of this state shall be deposited with and in the
19 custody of the state treasurer or in an account that is authorized by the
20 state treasurer pursuant to this section. This subsection does not apply to
21 monies received and any accounts established and maintained by the director
22 of the Arizona state retirement system or the administrator of the public
23 safety personnel retirement system, the corrections officer retirement plan
24 and the elected officials' retirement plan.

25 ~~S.~~ R. If a state agency provides an alternative method of payment,
26 the convenience fee may be charged to the cardholder in addition to the
27 transaction amount.

28 Sec. 3. Section 41-707, Arizona Revised Statutes, is amended to read:
29 41-707. Investment yield restriction report

30 On or before ~~December 31~~ OCTOBER 1 of each year, the director shall
31 submit to the joint legislative budget committee AND THE GOVERNOR'S OFFICE OF
32 STRATEGIC PLANNING AND BUDGETING a ~~working capital surplus~~ report ON THE
33 COSTS associated with meeting the INVESTMENT YIELD RESTRICTION requirements
34 for any tax-exempt deficit financing agreements entered into on or after
35 January 1, 2009, INCLUDING WHETHER THE REQUIREMENTS HAVE REDUCED THE YIELD OF
36 INVESTMENTS OR REQUIRED THE STATE TO PAY ANY PENALTIES TO THE FEDERAL
37 GOVERNMENT.

38 Sec. 4. Title 41, chapter 4, article 3, Arizona Revised Statutes, is
39 amended by adding section 41-740.01, to read:

40 41-740.01. Arizona financial information system collections
41 fund; purpose; transaction fee; joint legislative
42 budget committee review

43 A. THE ARIZONA FINANCIAL INFORMATION SYSTEM COLLECTIONS FUND IS
44 ESTABLISHED CONSISTING OF MONIES COLLECTED PURSUANT TO SUBSECTION C OF THIS
45 SECTION. THE DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE

1 SUBJECT TO LEGISLATIVE APPROPRIATION. MONIES IN THE FUND ARE EXEMPT FROM THE
2 PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

3 B. MONIES IN THE FUND SHALL BE USED TO REIMBURSE THE DEPARTMENT FOR
4 THE COSTS OF OPERATING THE ARIZONA FINANCIAL INFORMATION SYSTEM.

5 C. THE DEPARTMENT MAY CHARGE A TRANSACTION FEE TO EACH STATE AGENCY
6 THAT USES THE ARIZONA FINANCIAL INFORMATION SYSTEM. THE DEPARTMENT SHALL
7 SUBMIT A PROPOSED TRANSACTION FEE TO THE JOINT LEGISLATIVE BUDGET COMMITTEE
8 FOR REVIEW BEFORE ESTABLISHING OR CHANGING THE FEE.

9 Sec. 5. Section 41-1273, Arizona Revised Statutes, is amended to read:

10 41-1273. Budget analyst; employees; duties; reports

11 A. The joint legislative budget committee shall appoint a budget
12 analyst and other clerical and technical employees that may be required.

13 B. The budget analyst shall serve full time as staff director and
14 receive compensation as determined pursuant to section 38-611. The budget
15 analyst, as a prerequisite for appointment, shall have demonstrated the
16 budget analyst's competency and ability in the field of finance either in
17 private business or public work.

18 C. The budget analyst may be removed from office prior to expiration
19 of the budget analyst's term if, voting separately, a majority of the members
20 of each body constituting the joint legislative budget committee votes in
21 favor of removal.

22 D. The budget analyst shall prepare for distribution an analysis of
23 the governor's budget as soon after the budget is presented to the
24 legislature as is possible. The analysis, among other things, shall include
25 recommendations of the budget analyst for revisions in expenditures.

26 E. In consultation with the governor's office of strategic planning
27 and budgeting, the budget analyst shall determine and report to the governor
28 and the legislature an estimate of appropriations subject to the limit
29 imposed by article IX, section 17, Constitution of Arizona. The report shall
30 be published ~~by~~ ON OR BEFORE February 15 of each year for the preceding
31 fiscal year, for the current fiscal year and for the ensuing fiscal year to
32 reflect the budget recommendations of the joint legislative budget committee.

33 F. ~~By~~ ON OR BEFORE December 1 of each year, the budget analyst shall
34 report to the committee a listing of statutorily deleted and newly created
35 funds and funds that changed appropriated status from the prior fiscal year.

36 G. ON OR BEFORE JANUARY 31 OF EACH YEAR, THE BUDGET ANALYST SHALL
37 REPORT TO THE COMMITTEE THE EXPENDITURES FOR EACH RETIREMENT SYSTEM FOR THE
38 PRECEDING FISCAL YEAR, INCLUDING THE EXPENDITURES MADE BY THIS STATE FOR THE
39 EMPLOYER CONTRIBUTION FOR EACH RETIREMENT SYSTEM.

40 ~~G.~~ H. The legislature in making its appropriation for the operation
41 of the legislature shall allocate a portion thereof for the operation of the
42 joint legislative budget committee.

1 Sec. 6. Unrestricted federal monies

2 Any unrestricted federal monies received by this state beginning July
3 1, 2015 through June 30, 2016 shall be deposited in the state general fund.
4 The monies shall be used for the payment of essential governmental services.

5 Sec. 7. Rental rates; state-owned buildings; fiscal year
6 2015-2016

7 Notwithstanding section 41-792.01, subsection D, Arizona Revised
8 Statutes, the capital outlay stabilization fund rental rates for state-owned
9 buildings in fiscal year 2015-2016 are \$13.08 per square foot for office
10 space and \$4.74 per square foot for storage space.

11 Sec. 8. Annual budgets

12 A. Notwithstanding section 35-121, Arizona Revised Statutes, for
13 fiscal years 2015-2016, 2016-2017 and 2017-2018, appropriations for all
14 budget units may be limited to one fiscal year.

15 B. Notwithstanding section 35-111, Arizona Revised Statutes, the
16 governor shall submit a budget only for the next fiscal year not later than
17 five days after the regular session of the legislature convenes in 2016.

18 C. Notwithstanding section 35-113, Arizona Revised Statutes, the head
19 of each budget unit shall submit a budget estimate only for the next fiscal
20 year in calendar year 2015.

21 Sec. 9. Budget stabilization fund; exceptions

22 Notwithstanding section 35-144, Arizona Revised Statutes, for fiscal
23 years 2015-2016, 2016-2017 and 2017-2018, the legislature is not required to
24 appropriate monies to or transfer monies from the budget stabilization fund.