

State of Arizona
Senate
Fifty-second Legislature
Second Regular Session
2016

CHAPTER 341
SENATE BILL 1411

AN ACT

AMENDING SECTION 5-406, ARIZONA REVISED STATUTES; REPEALING TITLE 41, CHAPTER 14, ARTICLE 1.1, ARIZONA REVISED STATUTES; REPEALING SECTION 41-2501, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2015, CHAPTER 195, SECTION 82; AMENDING SECTION 41-2501, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2015, CHAPTER 257, SECTION 30; AMENDING SECTION 41-2636, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO ARIZONA INDUSTRIES FOR THE BLIND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 5-406, Arizona Revised Statutes, is amended to
3 read:

4 5-406. Persons permitted to conduct games; premises; equipment;
5 expenses; compensation

6 A. A person shall not hold, operate or conduct any game of bingo under
7 any license issued pursuant to this article unless the person has submitted
8 affidavits as required in section 5-404 and has received prior written
9 approval from the licensing authority. Persons seeking to replace a manager,
10 proceeds coordinator, supervisor or assistant or to serve as an additional
11 manager, supervisor or assistant shall submit the appropriate affidavit to
12 the licensing authority as required in section 5-404.

13 B. Except as provided in section 5-413, only members and new members
14 of a licensee or an applicant may participate or apply to participate in
15 conducting any bingo game held by the licensee.

16 C. Except for a class A licensee, a person shall not hold, operate,
17 conduct or assist in conducting any game or games of bingo under any license
18 if the person or the person's spouse has a proprietary, equitable or credit
19 interest, or is an officer, director, agent or employee of an individual or
20 company that has a proprietary, equitable or credit interest, in the
21 licensee.

22 D. Bookkeepers or accountants need not be members of the organization.

23 E. An item of expense shall not be incurred or paid in connection with
24 holding, operating or conducting any game of bingo held, operated or
25 conducted pursuant to any license issued under this article, except bona fide
26 expenses in a reasonable amount for purposes described in section 5-407,
27 subsection G. A game of bingo shall not be conducted with any equipment
28 except equipment owned solely by the licensee, or jointly by not more than
29 six licensees. No portion of the ownership of such equipment may be held by
30 any person or organization not licensed pursuant to this chapter. A game of
31 bingo shall not be conducted with rented equipment.

32 F. An applicant or a licensee shall not enter into any purchase
33 agreement other than a bona fide purchase agreement. The seller may
34 repurchase equipment only upon default of the buyer and then only at a price
35 equal to or greater than ninety ~~per-cent~~ PERCENT of any money paid for
36 equipment from buyer to seller. The seller may repurchase a building only
37 upon default of the buyer at a fair market value per licensee.

38 G. A licensee shall not conduct or operate more than five occasions of
39 bingo during any calendar week. No more than twelve hours of bingo shall be
40 conducted in any building or on any premises during any calendar day.

41 H. The entire net proceeds of any game shall be devoted to a lawful
42 use or uses. In addition to other unlawful uses, the following are not
43 considered lawful uses under this subsection:

44 1. Compensation and expenses of directors, officers and management
45 personnel.

46 2. Fees or commissions of consultants.

1 3. Compensation paid for legal services incurred by a licensee
2 unsuccessfully defending against charges of violations of this article.

3 4. Donations to other than national, state or local nonprofit parent
4 organizations in excess of five ~~per-cent~~ PERCENT of the net proceeds except
5 with the permission of the licensing authority.

6 5. Donations or any payment from the lessor to the lessee.

7 I. The premises where any game of bingo is being held, operated or
8 conducted, where it is intended that any game of bingo shall be held,
9 operated or conducted or where it is intended that any equipment shall be
10 used shall at all times be open to inspection by the licensing authority, its
11 agents and employees and peace officers of any political subdivision of the
12 state.

13 J. When any merchandise prize is awarded in a game of bingo, its value
14 shall be its current retail price. A merchandise prize shall not be
15 redeemable or convertible into cash directly or indirectly.

16 K. Equipment, prizes and supplies for games of bingo shall not be
17 purchased or sold at prices in excess of one hundred fifteen ~~per-cent~~ PERCENT
18 of the average price paid by other licensees as reported in the reports
19 submitted to the licensing authority during the prior six month period by
20 licensees having the same class of license. A licensee shall not enter into
21 any contract or purchase agreement whereby it agrees to limit its source of
22 supplies.

23 L. An alcoholic beverage shall not be offered or given as a prize in
24 any such game.

25 M. The net profits derived from the holding of games of bingo must be
26 devoted within one year from the date such profits were earned to the lawful
27 purposes of the organization permitted to conduct such games. Any
28 organization desiring to hold the net profits of games of bingo for a period
29 longer than one year from the date such profits were earned must apply to the
30 licensing authority for special permission and upon good cause shown the
31 authority may grant the request.

32 N. Any licensee which does not report during any one-year period the
33 amount of its net profits, if any, shall be required to show cause before the
34 licensing authority why its license to conduct games of bingo should not be
35 revoked.

36 O. The licensing authority shall require a licensee which does not
37 conduct bingo games during any one year period to show cause why its license
38 to conduct games of bingo should not be cancelled.

39 P. Except as otherwise provided by this section, a prize greater in
40 amount or value than one thousand dollars shall not be offered or given in
41 any single game of bingo conducted under any such license, and total prizes
42 shall not exceed an amount or value greater than three thousand dollars for
43 any occasion. Door prizes, discounts or other inducements with a value
44 exceeding two hundred fifty dollars per occasion shall not be offered or
45 given away.

1 Q. Except for a class A licensee, on application to the licensing
2 authority by the licensee the licensing authority may authorize one special
3 bonus game to be played at weekly consecutive occasions with a quarterly
4 prize limit of twelve thousand dollars. A weekly consecutive occasion is an
5 occasion played on the same day of each week during the quarter. The special
6 bonus game may be played at each weekly consecutive occasion subject to the
7 rules adopted by the licensing authority. The special bonus game is not
8 subject to the prize limits prescribed by subsection P of this section.

9 R. The equipment used in playing bingo and the method of play shall be
10 such that each card shall have an equal opportunity to be a winner. The
11 objects or balls to be drawn shall be essentially the same as to size, shape,
12 weight, balance and all other characteristics that may influence their
13 selection. All objects or balls shall be present in the receptacle before
14 each game is begun. All numbers announced shall be plainly and clearly
15 audible or visible to all the players present. Where more than one room is
16 used for any one game, the receptacle, the person calling the numbers as they
17 are drawn and the person removing the objects or balls from the receptacle
18 must be present in the room where the greatest number of players is present
19 and all numbers announced shall be plainly audible or visible to the players
20 in that room and also audible or visible to the players in the other room or
21 rooms. The cards or sheets of the players shall be part of a deck, group or
22 series of cards, no two of which shall be alike, and which deck, group or
23 series shall not be so prepared or arranged as to prefer any card. A
24 licensee may provide braille cards for legally blind persons ~~as defined in~~
25 ~~section 41-1973~~ or allow legally blind persons to supply their own braille
26 cards. A legally blind person supplying the person's own cards shall pay a
27 fee to the licensee equal to that which would be charged if the legally blind
28 person obtained the cards from the licensee. The bingo game activity shall be
29 conducted and recorded in a manner as prescribed by the licensing authority
30 to verify the gross receipts from each occasion.

31 S. The receptacle, the person calling the numbers as they are drawn
32 and the person removing the objects or balls from the receptacle must be
33 visible to all the players at all times except where more than one room is
34 used for any one game and subsection R of this section applies.

35 T. The particular arrangement of numbers required to be covered in
36 order to win the game and the amount of the prize shall be clearly and
37 audibly or visibly described and announced to the players immediately before
38 each game is begun.

39 U. Any players shall be entitled to call for a verification of all
40 numbers drawn at the time a winner is determined, and for a verification of
41 the objects or balls remaining in the receptacle and not yet drawn. The
42 verification shall be made in the immediate presence of the supervisor and in
43 full view of any player requesting the verification.

44 V. A person who is not physically present on the premises where the
45 game is actually conducted shall not be allowed to participate as a player in
46 the game.

1 W. A person who holds, operates or conducts, or assists in holding,
2 operating or conducting, a game of bingo shall not play at any occasion at
3 which such person works unless the game of bingo is conducted pursuant to a
4 class A license.

5 X. A person shall not conduct a lottery or raffle within a twelve hour
6 period before or after a bingo occasion or game on any premises used for
7 bingo games or within one thousand feet of the bingo game. This subsection
8 does not affect any legally conducted activity related to the state lottery.

9 Sec. 2. Delayed repeal

10 Title 41, chapter 14, article 1.1, Arizona Revised Statutes, is
11 repealed from and after June 30, 2017.

12 Sec. 3. Delayed repeal

13 Section 41-2501, Arizona Revised Statutes, as amended by Laws 2015,
14 chapter 195, section 82, is repealed from and after June 30, 2017.

15 Sec. 4. Section 41-2501, Arizona Revised Statutes, as amended by Laws
16 2015, chapter 257, section 30, is amended to read:

17 41-2501. Applicability

18 A. This chapter applies only to procurements initiated after
19 January 1, 1985 unless the parties agree to its application to procurements
20 initiated before that date.

21 B. This chapter applies to every expenditure of public monies,
22 including federal assistance monies except as otherwise specified in section
23 41-2637, by this state, acting through a state governmental unit as defined
24 in this chapter, under any contract, except that this chapter does not apply
25 to either grants as defined in this chapter, or contracts between this state
26 and its political subdivisions or other governments, except as provided in
27 chapter 24 of this title and in article 10 of this chapter. This chapter
28 also applies to the disposal of state materials. This chapter and rules
29 adopted under this chapter do not prevent any state governmental unit or
30 political subdivision from complying with the terms of any grant, gift,
31 bequest or cooperative agreement.

32 C. All political subdivisions and other local public agencies of this
33 state may adopt all or any part of this chapter and the rules adopted
34 pursuant to this chapter.

35 D. Notwithstanding any other law, sections 41-2517 and 41-2546 apply
36 to any agency as defined in section 41-1001, including the office of the
37 governor.

38 E. The Arizona board of regents and the legislative and judicial
39 branches of state government are not subject to this chapter except as
40 prescribed in subsection F of this section.

41 F. The Arizona board of regents and the judicial branch shall adopt
42 rules prescribing procurement policies and procedures for themselves and
43 institutions under their jurisdiction. The rules must be substantially
44 equivalent to the policies and procedures prescribed in this chapter.

45 G. The Arizona state lottery commission is exempt from this chapter
46 for procurement relating to the design and operation of the lottery or

1 purchase of lottery equipment, tickets and related materials. The executive
2 director of the Arizona state lottery commission shall adopt rules
3 substantially equivalent to the policies and procedures in this chapter for
4 procurement relating to the design and operation of the lottery or purchase
5 of lottery equipment, tickets or related materials. All other procurement
6 shall be as prescribed by this chapter.

7 H. The Arizona health care cost containment system administration is
8 exempt from this chapter for provider contracts pursuant to section 36-2904,
9 subsection A and contracts for goods and services, including program
10 contractor contracts pursuant to title 36, chapter 29, articles 2 and 3 AND
11 **CONTRACTS WITH REGIONAL BEHAVIORAL HEALTH AUTHORITIES PURSUANT TO TITLE 36,**
12 **CHAPTER 34.** All other procurement, including contracts for the statewide
13 administrator of the program pursuant to section 36-2903, subsection B, shall
14 be as prescribed by this chapter.

15 ~~I. Arizona industries for the blind is exempt from this chapter for~~
16 ~~purchases of finished goods from members of national industries for the blind~~
17 ~~and for purchases of raw materials for use in the manufacture of products for~~
18 ~~sale pursuant to section 41-1972. All other procurement shall be as~~
19 ~~prescribed by this chapter.~~

20 ~~J.~~ I. Arizona correctional industries is exempt from this chapter for
21 purchases of raw materials, components and supplies that are used in the
22 manufacture or production of goods or services for sale entered into pursuant
23 to section 41-1622. All other procurement shall be as prescribed by this
24 chapter.

25 ~~K.~~ J. The state transportation board and the director of the
26 department of transportation are exempt from this chapter other than section
27 41-2586 for the procurement of construction or reconstruction, including
28 engineering services, of transportation facilities or highway facilities and
29 any other services that are directly related to land titles, appraisals, real
30 property acquisition, relocation, property management or building facility
31 design and construction for highway development and that are required
32 pursuant to title 28, chapter 20.

33 ~~L.~~ K. The Arizona highways magazine is exempt from this chapter for
34 contracts for the production, promotion, distribution and sale of the
35 magazine and related products and for contracts for sole source creative
36 works entered into pursuant to section 28-7314, subsection A, paragraph 5.
37 All other procurement shall be as prescribed by this chapter.

38 ~~M.~~ L. The secretary of state is exempt from this chapter for
39 contracts entered into pursuant to section 41-1012 to publish and sell the
40 administrative code. All other procurement shall be as prescribed by this
41 chapter.

42 ~~N.~~ M. This chapter is not applicable to contracts for professional
43 witnesses if the purpose of such contracts is to provide for professional
44 services or testimony relating to an existing or probable judicial proceeding
45 in which this state is or may become a party or to contract for special
46 investigative services for law enforcement purposes.

1 ~~Q.~~ N. The head of any state governmental unit, in relation to any
2 contract exempted by this section from this chapter, has the same authority
3 to adopt rules, procedures or policies as is delegated to the director
4 pursuant to this chapter.

5 ~~P.~~ O. Agreements negotiated by legal counsel representing this state
6 in settlement of litigation or threatened litigation are exempt from this
7 chapter.

8 ~~Q.~~ P. This chapter is not applicable to contracts entered into by the
9 department of economic security:

10 1. With a provider licensed or certified by an agency of this state to
11 provide child day care services.

12 2. With area agencies on aging created pursuant to the older Americans
13 act of 1965 (P.L. 89-73; 79 Stat. 218; 42 United States Code sections 3001
14 through 3058ff).

15 3. For services pursuant to title 36, chapter 29, article 2.

16 4. With an eligible entity as defined by Public Law 105-285, section
17 673(1)(A)(i), as amended, for designated community services block grant
18 program monies and any other monies given to the eligible entity that
19 accomplishes the purpose of Public Law 105-285, section 672.

20 ~~R.~~ Q. The ~~department of health services~~ ARIZONA HEALTH CARE COST
21 CONTAINMENT SYSTEM may not require that persons with whom it contracts follow
22 this chapter for the purposes of subcontracts entered into for the provision
23 of the following:

24 1. Mental health services pursuant to section 36-189, subsection B.

25 2. Services for the seriously mentally ill pursuant to title 36,
26 chapter 5, article 10.

27 3. Drug and alcohol services pursuant to section 36-141.

28 ~~4.~~ R. THE DEPARTMENT OF HEALTH SERVICES MAY NOT REQUIRE THAT PERSONS
29 WITH WHOM IT CONTRACTS FOLLOW THIS CHAPTER FOR THE PURPOSE OF SUBCONTRACTS
30 ENTERED INTO FOR THE PROVISION OF domestic violence services pursuant to
31 title 36, chapter 30, article 1.

32 S. The department of health services is exempt from this chapter for
33 contracts for services of physicians at the Arizona state hospital.

34 T. Contracts for goods and services approved by the board of trustees
35 of the public safety personnel retirement system are exempt from this
36 chapter.

37 U. The Arizona department of agriculture is exempt from this chapter
38 with respect to contracts for private labor and equipment to effect cotton or
39 cotton stubble plow-up pursuant to rules adopted under title 3, chapter 2,
40 article 1.

41 V. The Arizona state parks board is exempt from this chapter for
42 purchases of guest supplies and items for resale such as food, linens, gift
43 items, sundries, furniture, china, glassware and utensils for the facilities
44 located in the Tonto natural bridge state park.

1 W. The Arizona state parks board is exempt from this chapter for the
2 purchase, production, promotion, distribution and sale of publications,
3 souvenirs and sundry items obtained and produced for resale.

4 X. The Arizona state schools for the deaf and the blind are exempt
5 from this chapter for the purchase of textbooks and when purchasing products
6 through a cooperative that is organized and operates in accordance with state
7 law if such products are not available on a statewide contract and are
8 related to the operation of the schools or are products for which special
9 discounts are offered for educational institutions.

10 Y. Expenditures of monies in the morale, welfare and recreational fund
11 established by section 26-153 are exempt from this chapter.

12 Z. Notwithstanding section 41-2534, the director of the state
13 department of corrections may contract with local medical providers in
14 counties with a population of less than four hundred thousand persons for the
15 following purposes:

16 1. To acquire hospital and professional medical services for inmates
17 who are incarcerated in state department of corrections facilities that are
18 located in those counties.

19 2. To ensure the availability of emergency medical services to inmates
20 in all counties by contracting with the closest medical facility that offers
21 emergency treatment and stabilization.

22 AA. The department of environmental quality is exempt from this
23 chapter for contracting for procurements relating to the water quality
24 assurance revolving fund program established pursuant to title 49, chapter 2,
25 article 5. The department shall engage in a source selection process that is
26 similar to the procedures prescribed by this chapter. The department may
27 contract for remedial actions with a single selection process. The exclusive
28 remedy for disputes or claims relating to contracting pursuant to this
29 subsection is as prescribed by article 9 of this chapter and the rules
30 adopted pursuant to that article. All other procurement by the department
31 shall be as prescribed by this chapter.

32 BB. The motor vehicle division of the department of transportation is
33 exempt from this chapter for third-party authorizations pursuant to title 28,
34 chapter 13, only if all of the following conditions exist:

35 1. The division does not pay any public monies to an authorized third
36 party.

37 2. Exclusivity is not granted to an authorized third party.

38 3. The director has complied with the requirements prescribed in title
39 28, chapter 13 in selecting an authorized third party.

40 CC. This section does not exempt third-party authorizations pursuant
41 to title 28, chapter 13 from any other applicable law.

42 DD. The state forester is exempt from this chapter for purchases and
43 contracts relating to wildland fire suppression and pre-positioning equipment
44 resources and for other activities related to combating wildland fires and
45 other unplanned risk activities, including fire, flood, earthquake, wind and

1 hazardous material responses. All other procurement by the state forester
2 shall be as prescribed by this chapter.

3 EE. The cotton research and protection council is exempt from this
4 chapter for procurements.

5 FF. Expenditures of monies in the Arizona agricultural protection fund
6 established by section 3-3304 are exempt from this chapter.

7 GG. The Arizona commerce authority is exempt from this chapter, except
8 article 10 for the purpose of cooperative purchases. The authority shall
9 adopt policies, procedures and practices, in consultation with the department
10 of administration, that are similar to and based on the policies and
11 procedures prescribed by this chapter for the purpose of increased public
12 confidence, fair and equitable treatment of all persons engaged in the
13 process and fostering broad competition while accomplishing flexibility to
14 achieve the authority's statutory requirements. The authority shall make its
15 policies, procedures and practices available to the public. The authority
16 may exempt specific expenditures from the policies, procedures and practices.

17 HH. The Arizona exposition and state fair board is exempt from this
18 chapter for contracts for professional entertainment.

19 II. This chapter does not apply to the purchase of water, gas or
20 electric utilities.

21 JJ. This chapter does not apply to professional certifications,
22 professional memberships and conference registrations.

23 KK. The department of gaming is exempt from this chapter for problem
24 gambling treatment services contracts with licensed behavioral health
25 professionals.

26 LL. This chapter does not apply to contracts for credit reporting
27 services.

28 MM. This chapter does not apply to contracts entered into by the
29 department of child safety:

30 1. With a provider of family foster care pursuant to section 8-503.

31 2. With an eligible entity as defined by Public Law 105-285, section
32 673(1)(A)(i), as amended, for designated community services block grant
33 program monies and any other monies given to the eligible entity that
34 accomplishes the purpose of Public Law 105-285, section 672.

35 Sec. 5. Section 41-2636, Arizona Revised Statutes, is amended to read:

36 41-2636. Procurement from certified nonprofit agencies that
37 serve individuals with disabilities and Arizona
38 correctional industries; definitions

39 A. The director shall appoint a state set-aside committee to determine
40 those materials and services that are provided, manufactured, produced and
41 offered for sale by ~~Arizona industries for the blind~~, certified nonprofit
42 agencies that serve individuals with disabilities and Arizona correctional
43 industries and that satisfy the requirements of state governmental units and
44 to establish a fair market price for all approved materials and services
45 offered for sale that meet these requirements. Membership shall include the
46 assistant director for rehabilitation services in the department of economic

1 security or the assistant director's designee and a private sector
2 businessperson appointed by the governor who contracts or employs persons
3 with disabilities in the private sector. At each quarterly meeting the
4 director shall report on new procurement requests or renewal of existing
5 procurement requests for state purchases from lists supplied by set-aside
6 providers and that are within the capability of and that can be supplied by
7 the entities that are prescribed in this section. To qualify for set-aside
8 contracts, certified nonprofit agencies must maintain an employment ratio of
9 at least sixty ~~per-cent~~ PERCENT of program employees with significant
10 disabilities.

11 B. Materials and services from Arizona correctional industries shall
12 be presented to the committee for approval. Office products, vinyl binders
13 and furniture refurbishing services shall be exempt from this article. State
14 governmental units shall purchase office products, vinyl binders and
15 furniture from Arizona correctional industries if each of the following
16 applies:

- 17 1. Such materials and services are readily available.
- 18 2. Such materials and services are capable of timely delivery.
- 19 3. Such materials and services are of equal quality and price for
20 these same materials and services in the private sector.

21 C. State governmental units shall purchase approved materials and
22 services if such materials and services are readily available.

23 D. Notwithstanding the requirements of section 41-2532, state
24 governmental units and local public procurement units may purchase or
25 contract for any products, materials and services directly from ~~Arizona~~
26 ~~industries for the blind~~, certified nonprofit agencies that serve individuals
27 with disabilities and Arizona correctional industries without competitive
28 bidding if the delivery and quality of the products, materials or services
29 meet the unit's reasonable requirements.

30 E. All state governmental units shall endeavor to set aside at least
31 one ~~per-cent~~ PERCENT of their new purchases or contracts for any products,
32 materials and services from the entities that are prescribed in subsection D
33 of this section, except for contracts for care and services for clients of
34 the department of child safety, the department of economic security or the
35 department of health services. The department shall communicate with each
36 state governmental unit regarding its responsibility to comply with this
37 subsection. The committee shall meet quarterly to report progress in
38 increasing state governmental purchases or contracts with the entities that
39 are prescribed in subsection D of this section. The committee shall compile
40 quarterly reports detailing new purchases or contracts that are entered into
41 pursuant to this subsection to the director, each committee member, the
42 governor, the president of the senate and the speaker of the house of
43 representatives.

44 F. The committee shall meet during the first month of each fiscal year
45 to determine which articles, products or services Arizona correctional
46 industries, ~~AND~~ certified nonprofit agencies that serve individuals with

1 disabilities ~~and Arizona industries for the blind~~ should continue to
2 manufacture for state use, to advise such agencies and industries of any
3 changes in specifications and to identify new articles or products that
4 should be manufactured or could be eligible for procurement.

5 G. For the purposes of this section:

6 1. "Certified nonprofit agency that serves individuals with
7 disabilities" means a nonprofit activity center that serves individuals with
8 significant disabilities and that satisfies all of the following:

9 (a) Is organized under the laws of this state or another state, is
10 operated in the interest of individuals with disabilities and the net income
11 of which does not inure in whole or in part to the benefit of any shareholder
12 or other individual.

13 (b) Complies with any applicable occupational health and safety
14 standard required by the laws of the United States and this state.

15 2. "Individuals with disabilities" means an individual who, because of
16 the nature of the individual's disabilities, is not able to fully participate
17 in competitive employment and for whom specialized employment and training
18 are necessary by a qualified nonprofit organization through the department of
19 economic security or the department of health services.

20 Sec. 6. Arizona industries for the blind; successor nonprofit
21 corporation; lease of department property

22 A. On or before July 1, 2017, the Arizona industries for the blind
23 shall perform all acts necessary to establish a successor nonprofit
24 corporation that is exempt from taxation under section 501(c)(3) of the
25 internal revenue code for the purpose of establishing, sustaining and
26 improving employment opportunities for people who are blind or visually
27 impaired. The successor nonprofit corporation shall operate to the same
28 extent as any other nonprofit corporation with all the powers and subject to
29 all the laws, rules and requirements of any other nonprofit corporation
30 organized under title 10, chapters 24 through 40, Arizona Revised Statutes.

31 B. The Arizona industries for the blind shall perform all acts
32 necessary to file the articles of incorporation of the successor nonprofit
33 corporation and file all paperwork necessary to qualify the corporation to be
34 exempt from taxation under section 501(c)(3) of the internal revenue code.
35 The Arizona industries for the blind shall delegate to the successor
36 nonprofit corporation the authority to pursue and procure outside resources
37 as necessary for the successor nonprofit corporation to be a private nonprofit
38 corporation that operates independently of the department of economic
39 security.

40 C. The successor nonprofit corporation may use the name "Arizona
41 industries for the blind" in or as its name.

42 D. On or before June 30, 2017, the successor nonprofit corporation
43 shall provide to the department of economic security evidence that any person
44 to whom Arizona industries for the blind owes an obligation under contract at
45 the time of the transfer of authority agrees to the assumption of liabilities
46 by the successor nonprofit corporation and to seek redress for any damages

1 arising out of the contracting situation, no matter the legal bases for the
2 claims, from the successor nonprofit corporation and not from Arizona
3 industries for the blind or this state.

4 E. If the successor nonprofit corporation meets the requirements of
5 subsection D of this section, the department of economic security shall
6 convey to the successor nonprofit corporation all the assets and liabilities
7 of the Arizona industries for the blind to the same extent as though incurred
8 originally by the successor nonprofit corporation, including operation as an
9 affiliate of national industries for the blind and operation under the
10 abilityone program, except as provided in subsection F of this section.

11 F. The department of economic security shall retain ownership of the
12 real property located at 3013 West Lincoln Street Phoenix, Arizona 85009 and
13 shall lease the facilities to the successor nonprofit corporation on the
14 negotiated terms and conditions. The successor nonprofit corporation is not
15 an agency of this state or a public entity of this state.

16 G. This state may not act or fail to act, during the transition
17 period, in a manner that would or may have any adverse material impact or
18 effect on the business, assets or financial condition of the program operated
19 within the department of economic security as the Arizona industries for the
20 blind. This state delegates all authority necessary to complete the
21 transition of the Arizona industries for the blind program to the successor
22 nonprofit corporation.

23 Sec. 7. Industries for the blind fund; transfer of monies

24 All unexpended and unencumbered monies remaining in the industries for
25 the blind fund established by section 41-1975, Arizona Revised Statutes, as
26 repealed by this act, are transferred to the successor nonprofit corporation
27 on the effective date of this act.

28 Sec. 8. Effective date

29 Section 5-406, Arizona Revised Statutes, as amended by this act,
30 section 41-2501, Arizona Revised Statutes, as amended by Laws 2015, chapter
31 257, section 30 and this act and section 41-2636, Arizona Revised Statutes,
32 as amended by this act, and section 7 of this act are effective from and
33 after June 30, 2017.

APPROVED BY THE GOVERNOR MAY 18, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 18, 2016.