

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2706

(Reference to printed bill)

1 Strike pages 1 through 5

2 Page 6, strike lines 1 through 15, insert:

3 "Section 1. Section 15-1601, Arizona Revised Statutes, is amended to  
4 read:

5 15-1601. State universities; location; faculty powers;  
6 governing boards

7 A. ~~The Arizona board of regents shall maintain~~ State universities  
8 **SHALL BE LOCATED** at Flagstaff in Coconino county, at Tempe in Maricopa county  
9 and at Tucson in Pima county, and the universities are respectively  
10 designated northern Arizona university, Arizona state university and the  
11 university of Arizona. ~~The board shall maintain~~ An Arizona state university  
12 campus in western Maricopa county **SHALL BE** designated as Arizona state  
13 university west campus, which shall be identified as a separate budget unit  
14 in the general appropriations act. ~~The board shall maintain~~ An Arizona state  
15 university campus in eastern Maricopa county **SHALL BE** designated as Arizona  
16 state university east campus, which shall be identified as a separate budget  
17 unit in the general appropriations act. ~~The board may establish and maintain~~  
18 Other colleges and universities **MAY BE ESTABLISHED** subject to legislative  
19 authority. Subject to review by the joint committee on capital review, the  
20 **GOVERNING** board **OF A UNIVERSITY** may establish new campuses that are separate  
21 from any location in existence on July 1, 2007. The Arizona state university  
22 campus at Tempe shall provide administrative support for the Arizona state

1 university campuses in western Maricopa county and in eastern Maricopa  
2 county.

3 B. The universities shall have colleges, schools and departments and  
4 give courses of study and academic degrees as the board approves. Subject to  
5 the responsibilities and powers of the GOVERNING board OF EACH UNIVERSITY and  
6 the university presidents, the faculty members of the universities, through  
7 their elected faculty representatives, shall share responsibility for  
8 academic and educational activities and matters related to faculty  
9 personnel. The faculty members of each university, through their elected  
10 faculty representatives, shall participate in the governance of their  
11 respective universities and shall actively participate in the development of  
12 university policy.

13 C. EACH UNIVERSITY SHALL BE GOVERNED BY A GOVERNING BOARD FOR THAT  
14 UNIVERSITY. THE GOVERNING BOARD OF ARIZONA STATE UNIVERSITY SHALL CONSIST OF  
15 FIVE MEMBERS WHO ARE APPOINTED BY THE GOVERNOR PURSUANT TO SECTION 38-211.  
16 THE GOVERNING BOARD OF THE UNIVERSITY OF ARIZONA SHALL CONSIST OF FIVE  
17 MEMBERS WHO ARE APPOINTED BY THE GOVERNOR PURSUANT TO SECTION 38-211. THE  
18 GOVERNING BOARD OF NORTHERN ARIZONA UNIVERSITY SHALL CONSIST OF THREE MEMBERS  
19 WHO ARE APPOINTED BY THE GOVERNOR PURSUANT TO SECTION 38-211. SUBJECT TO  
20 LEGISLATIVE APPROVAL, THE GOVERNING BOARD OF NORTHERN ARIZONA UNIVERSITY MAY  
21 BE EXPANDED TO FIVE MEMBERS IF THE STUDENT ENROLLMENT OF NORTHERN ARIZONA  
22 UNIVERSITY MEETS OR EXCEEDS THE AVERAGE STUDENT ENROLLMENT AT ARIZONA STATE  
23 UNIVERSITY AND THE UNIVERSITY OF ARIZONA. THE INITIAL MEMBERS SHALL ASSIGN  
24 THEMSELVES BY LOT TO TWO TERMS OF TWO YEARS, TWO TERMS OF THREE YEARS AND ONE  
25 TERM OF FOUR YEARS IN OFFICE, TO BEGIN AND END ON THE THIRD MONDAY IN  
26 JANUARY. THE CHAIRPERSON SHALL NOTIFY THE GOVERNOR'S OFFICE ON APPOINTMENTS  
27 OF THESE TERMS. ALL SUBSEQUENT MEMBERS SERVE FOUR YEAR TERMS OF OFFICE, TO  
28 BEGIN AND END ON THE THIRD MONDAY IN JANUARY. GOVERNING BOARD MEMBERS ARE  
29 NOT ENTITLED TO COMPENSATION.

30 D. THE GOVERNING BOARD OF EACH UNIVERSITY IS A BODY CORPORATE WITH  
31 PERPETUAL SUCCESSION AND MAY:

32 1. ADOPT A CORPORATE SEAL.



1           ~~3. Sue and be sued.~~

2           ~~4. Purchase, receive, hold, make and take leases and long term leases~~  
3 ~~of and sell real and personal property for the benefit of this state and for~~  
4 ~~the use of the institutions under its jurisdiction.~~

5           1. SUBMIT RECOMMENDATIONS TO THE GOVERNING BOARD OF EACH UNIVERSITY.

6           2. MEET TO EVALUATE THE PERFORMANCE OF THE PRESIDENT OF EACH  
7 UNIVERSITY.

8           3. NOMINATE POTENTIAL REPLACEMENTS WHEN A VACANCY OCCURS IN THE OFFICE  
9 OF THE PRESIDENT OF A UNIVERSITY.

10          4. ACT AS A MEDIATOR IF A UNIVERSITY PRESIDENT IS TERMINATED FROM  
11 EMPLOYMENT.

12          C. THE ARIZONA BOARD OF REGENTS SHALL NOT HIRE OR EMPLOY STAFF.

13          D. NOTWITHSTANDING ANY OTHER LAW, THE ONLY RESPONSIBILITIES, POWERS,  
14 DUTIES OR AUTHORITY PRESCRIBED TO THE ARIZONA BOARD OF REGENTS ARE THOSE  
15 RESPONSIBILITIES, POWERS, DUTIES AND AUTHORITY SPECIFICALLY PRESCRIBED IN  
16 THIS SECTION.

17          Sec. 5. Section 15-1626, Arizona Revised Statutes, is amended to read:

18          15-1626. General administrative powers and duties of governing  
19 boards of universities: definition

20          A. The GOVERNING board OF EACH UNIVERSITY shall:

21          1. Have and exercise the powers necessary for the effective governance  
22 and administration of the ~~institutions~~ UNIVERSITY under its control. To that  
23 end, the GOVERNING board OF EACH UNIVERSITY may adopt, and authorize each  
24 university to adopt, such regulations, policies, rules or measures as are  
25 deemed necessary and may delegate in writing to its committees, to its  
26 university presidents, or their designees, or to other entities under its  
27 control, any part of its authority for the administration and governance of  
28 such ~~institutions~~ UNIVERSITY, including those powers enumerated in ~~section~~  
29 ~~15-1625, subsection B, paragraphs 2 and 4,~~ paragraphs 3, 4, 8, 9, 11 and 12  
30 of this subsection and subsection B of this section. Any delegation of  
31 authority may be rescinded by the GOVERNING board OF THE UNIVERSITY at any  
32 time in whole or in part.

1           2. Appoint and employ and determine the compensation of presidents  
2 with such power and authority and for such purposes in connection with the  
3 operation of the ~~institutions~~ UNIVERSITY as the GOVERNING board OF THE  
4 UNIVERSITY deems necessary.

5           3. Appoint and employ and determine the compensation of  
6 vice-presidents, deans, professors, instructors, lecturers, fellows and such  
7 other officers and employees with such power and authority and for such  
8 purposes in connection with the operation of the ~~institutions~~ UNIVERSITY as  
9 the GOVERNING board OF THE UNIVERSITY deems necessary, or delegate its  
10 authority pursuant to paragraph 1 of this subsection.

11           4. Remove any officer or employee when the interests of education in  
12 this state so require in accordance with its personnel rules and policies.

13           5. Fix tuitions and fees to be charged and differentiate the tuitions  
14 and fees ~~between institutions and~~ between residents, nonresidents,  
15 undergraduate students, graduate students, students from foreign countries  
16 and students who have earned credit hours in excess of the credit hour  
17 threshold. For the purposes of this paragraph, the undergraduate credit hour  
18 threshold is one hundred forty-five hours for students who attend a  
19 university under the jurisdiction of the GOVERNING board OF THE UNIVERSITY.  
20 The undergraduate credit hour threshold shall be based on the actual  
21 full-time equivalent student enrollment counted on the forty-fifth day of  
22 every fall and spring semester, divided by two, and any budget adjustment  
23 based on student enrollment shall occur in the fiscal year following the  
24 actual full-time equivalent student enrollment count. The undergraduate  
25 credit hour threshold shall not apply to degree programs that require credit  
26 hours above the credit hour threshold, credits earned in the pursuit of up to  
27 two baccalaureate degrees, credits earned in the pursuit of up to two state  
28 regulated licensures or certificates, credits earned in the pursuit of  
29 teaching certification, credits transferred from a private institution of  
30 higher education, credits transferred from an institution of higher education  
31 in another state, credits earned at another institution of higher education  
32 but that are not accepted as transfer credits at the university where the

1 student is currently enrolled and credits earned by students who enroll at a  
2 university under the jurisdiction of the GOVERNING board OF THE UNIVERSITY  
3 more than twenty-four months after the end of that student's previous  
4 enrollment at a public institution of higher education in this state. On or  
5 before October 15 of each year, the ~~board~~ GOVERNING BOARDS OF EACH UNIVERSITY  
6 shall JOINTLY report to the joint legislative budget committee the number of  
7 in-state students and out-of-state students who were enrolled at universities  
8 under the jurisdiction of the GOVERNING board OF THE UNIVERSITY during the  
9 previous fiscal year who met or exceeded the undergraduate credit hour  
10 threshold prescribed in this paragraph. The amount of tuition, ~~registration~~  
11 AND fees ~~and other revenues~~ included in the operating budget for the  
12 university adopted by the GOVERNING board OF THE UNIVERSITY as prescribed in  
13 paragraph 13 of this subsection shall be SUBJECT TO LEGISLATIVE APPROPRIATION  
14 AND deposited, ~~pursuant to sections 35-146 and 35-147~~ IN A SEPARATE TUITION  
15 AND FEES SUBACCOUNT FOR EACH UNIVERSITY. All other tuition and fee revenue  
16 shall be retained by each university for expenditure as approved by the  
17 GOVERNING board OF THE UNIVERSITY, ~~except that~~ IN A SEPARATE LOCAL TUITION  
18 AND FEES SUBACCOUNT FOR EACH UNIVERSITY. THIS SUBACCOUNT SHALL CONSIST OF  
19 ONLY TUITION AND FEES. The ~~universities~~ UNIVERSITY shall not use any tuition  
20 or fee revenue to fund or support an alumni association.

21 6. Except as provided in subsection I of this section, adopt rules to  
22 govern its tuition and fee setting process that provide for the following:

23 (a) At least one public hearing at each university as an opportunity  
24 for students and members of the public to comment on any proposed increase in  
25 tuition or fees.

26 (b) Publication of the notice of public hearing at least ten days  
27 prior to the hearing in a newspaper of general circulation in Maricopa  
28 county, Coconino county and Pima county. The notice shall include the date,  
29 time and location of the public hearing.

30 (c) Public disclosure by each university of any proposed increases in  
31 tuition or fees at least ten days prior to the public hearing.

1 (d) Final ~~board~~ action BY THE GOVERNING BOARD OF EACH UNIVERSITY on  
2 changes in tuition or fees shall be taken by roll call vote.

3 The procedural requirements of subdivisions (a), (b), (c) and (d) of this  
4 paragraph apply only to those changes in tuition or fees that require ~~board~~  
5 approval BY THE GOVERNING BOARD OF THE UNIVERSITY.

6 7. Pursuant to section 35-115, submit a budget request for each  
7 institution under its jurisdiction that includes the estimated tuition and  
8 fee revenue available to support the programs of the institution as described  
9 in the budget request. The estimated available tuition and fee revenue shall  
10 be based on the tuition and registration fee rates in effect at the time the  
11 budget request is submitted with adjustments for projected changes in  
12 enrollment as provided by the GOVERNING board OF THE UNIVERSITY.

13 8. Establish curriculums and designate courses at the ~~several~~  
14 ~~institutions~~ UNIVERSITY that in its judgment will best serve the interests of  
15 this state.

16 9. Award such degrees and diplomas on the completion of such courses  
17 and curriculum requirements as it deems appropriate.

18 10. Prescribe qualifications for admission of all students to the  
19 ~~universities~~ UNIVERSITY. The GOVERNING board OF THE UNIVERSITY shall  
20 establish policies for guaranteed admission that assure fair and equitable  
21 access to students in this state from public, private and charter schools and  
22 homeschools. For the purpose of determining the qualifications of honorably  
23 discharged veterans, veterans are those persons who served in the armed  
24 forces for a minimum of two years and who were previously enrolled at a  
25 university or community college in this state. No prior failing grades  
26 received by the veteran at the university or community college in this state  
27 may be considered.

28 11. Adopt any energy conservation standards promulgated by the  
29 department of administration for the construction of new buildings.

30 12. Employ for such time and purposes as the GOVERNING board OF THE  
31 UNIVERSITY requires attorneys whose compensation shall be fixed and paid by  
32 the GOVERNING board OF THE UNIVERSITY. Litigation to which the GOVERNING

1 board OF THE UNIVERSITY is a party and for which self-insurance is not  
2 provided may be compromised or settled at the direction of the GOVERNING  
3 board OF THE UNIVERSITY.

4 13. Adopt annually an operating budget for each university equal to the  
5 sum of appropriated general fund monies and the amount of tuition,  
6 registration fees and other revenues approved by the GOVERNING board OF THE  
7 UNIVERSITY and allocated to each university operating budget.

8 14. In consultation with the state board of education and other  
9 education groups, develop and implement a program to award honors  
10 endorsements to be affixed to the high school diplomas of qualifying high  
11 school pupils and to be included in the transcripts of pupils who are awarded  
12 endorsements. The GOVERNING board OF THE UNIVERSITY shall develop  
13 application procedures and testing criteria and adopt testing instruments and  
14 procedures to administer the program. In order to receive an honors  
15 endorsement, a pupil must demonstrate an extraordinary level of knowledge,  
16 skill and competency as measured by the testing instruments adopted by the  
17 board in mathematics, English, science and social studies. Additional  
18 subjects may be added at the determination of the GOVERNING board OF THE  
19 UNIVERSITY. The program is voluntary for pupils.

20 15. Require the publisher of each literary and nonliterary textbook  
21 used in the ~~universities of this state~~ UNIVERSITY to furnish computer  
22 software in a standardized format when software becomes available for  
23 nonliterary textbooks to the ~~Arizona board of regents~~ GOVERNING BOARD OF THE  
24 UNIVERSITY from which braille versions of the textbooks may be produced.

25 16. Require ~~universities that provide a degree~~ DEGREES in education to  
26 require courses that are necessary to obtain a provisional structured English  
27 immersion endorsement as prescribed by the state board of education.

28 17. Acquire United States flags for each classroom that are  
29 manufactured in the United States and that are at least two feet by three  
30 feet and hardware to appropriately display the United States flags, acquire a  
31 legible copy of the Constitution of the United States and the Bill of Rights,  
32 display the flags in each classroom in accordance with title 4 of the United

1 States Code and display a legible copy of the Constitution of the United  
2 States and the Bill of Rights adjacent to the flag.

3 18. To facilitate the transfer of military personnel and their  
4 dependents to and from the public schools of this state, pursue, in  
5 cooperation with the state board of education, reciprocity agreements with  
6 other states concerning the transfer credits for military personnel and their  
7 dependents. A reciprocity agreement entered into pursuant to this paragraph  
8 shall:

9 (a) Address procedures for each of the following:

10 (i) The transfer of student records.

11 (ii) Awarding credit for completed course work.

12 (iii) Permitting a student to satisfy the graduation requirements  
13 prescribed in section 15-701.01 through the successful performance on  
14 comparable exit-level assessment instruments administered in another state.

15 (b) Include appropriate criteria developed by the state board of  
16 education and the ~~Arizona board of regents~~ GOVERNING BOARD OF THE UNIVERSITY.

17 19. Require a university to publicly post notices of all of its  
18 employment openings, including the title and description, instructions for  
19 applying and relevant contact information.

20 20. In consultation with the community college districts in this state,  
21 develop and implement common equivalencies for specific levels of achievement  
22 on advanced placement examinations and international baccalaureate  
23 examinations in order to award commensurate postsecondary academic credits ~~at~~  
24 ~~community colleges and public universities in this state.~~

25 21. On or before August 1 of each year, report to the joint legislative  
26 budget committee the graduation rate by university campus during the previous  
27 fiscal year. The GOVERNING board OF THE UNIVERSITY shall also report the  
28 retention rate by university campus and by class, as determined by date of  
29 entry during the previous fiscal year.

30 B. The GOVERNING board OF EACH UNIVERSITY shall adopt personnel  
31 policies for all employees of the board and the ~~universities~~ UNIVERSITY.

1           C. In conjunction with the auditor general, the GOVERNING board OF  
2 EACH UNIVERSITY shall develop a uniform accounting and reporting system,  
3 which shall be reviewed by the joint legislative budget committee before  
4 final adoption by the board. The GOVERNING board OF THE UNIVERSITY shall  
5 require ~~each~~ THE university to comply with the uniform accounting and  
6 reporting system.

7           D. The GOVERNING board OF EACH UNIVERSITY may employ legal assistance  
8 in procuring loans for the ~~institutions~~ UNIVERSITY from the United States  
9 government. Fees or compensation paid for such legal assistance shall not be  
10 a claim on the general fund of this state but shall be paid from funds of the  
11 ~~institutions~~ UNIVERSITY.

12           E. The GOVERNING board OF THE UNIVERSITY OF ARIZONA shall approve or  
13 disapprove any contract or agreement entered into by the university of  
14 Arizona hospital with the Arizona health facilities authority.

15           F. The GOVERNING board OF EACH UNIVERSITY may adopt policies that  
16 authorize the ~~institutions~~ UNIVERSITY under its jurisdiction to enter into  
17 employment contracts with nontenured employees for periods of more than one  
18 year but not more than five years. The policies shall prescribe limitations  
19 on the authority of the ~~institutions~~ UNIVERSITY to enter into employment  
20 contracts for periods of more than one year but not more than five years,  
21 including the requirement that the GOVERNING board OF THE UNIVERSITY approve  
22 the contracts.

23           G. The GOVERNING board OF THE UNIVERSITY may adopt a plan or plans for  
24 employee benefits that allow for participation in a cafeteria plan that meets  
25 the requirements of the United States internal revenue code of 1986.

26           H. The GOVERNING board OF EACH UNIVERSITY may establish a program for  
27 the exchange of students between the ~~universities~~ UNIVERSITY under the  
28 jurisdiction of the GOVERNING board OF THE UNIVERSITY and colleges and  
29 universities located in the state of Sonora, Mexico. Notwithstanding  
30 subsection A, paragraph 5 of this section, the program may provide for  
31 in-state tuition at the ~~universities~~ UNIVERSITY under the jurisdiction of the  
32 GOVERNING board OF THE UNIVERSITY for fifty Sonoran students in exchange for

1 similar tuition provisions for up to fifty Arizona students enrolled or  
2 seeking enrollment in Sonoran colleges or universities. The GOVERNING board  
3 OF THE UNIVERSITY may direct the ~~universities~~ UNIVERSITY to work in  
4 conjunction with the Arizona-Mexico commission to coordinate recruitment and  
5 admissions activities.

6 ~~I. Subsection A, paragraph 6, subdivisions (a), (b), (c) and (d) of  
7 this section do not apply to fee increases that are set by individual  
8 universities and that do not require approval by the Arizona board of regents  
9 before the fee increase becomes effective.~~

10 ~~J. I.~~ I. The ~~Arizona board of regents~~ GOVERNING BOARD OF EACH  
11 UNIVERSITY, in collaboration with the ~~universities~~ UNIVERSITY under its  
12 jurisdiction, shall adopt a performance funding model. The performance  
13 funding model shall use performance metrics that include the increase in  
14 degrees awarded, the increase in completed student credit hours and the  
15 increase in externally generated research and public service funding. The  
16 funding formula may give added weight to degrees related to science,  
17 technology, engineering and mathematics and other high-value degrees that are  
18 in short supply or that are essential to this state's long-term economic  
19 development strategy.

20 ~~K. J.~~ J. The ~~Arizona board of regents~~ GOVERNING BOARD OF EACH UNIVERSITY  
21 shall use the performance funding model adopted pursuant to subsection ~~J~~ I  
22 of this section in developing and submitting budget requests for the  
23 ~~universities~~ UNIVERSITY under its jurisdiction.

24 ~~L. K.~~ K. On or before November 1 of each year, the ~~Arizona board of  
25 regents~~ GOVERNING BOARD OF EACH UNIVERSITY shall JOINTLY submit to the joint  
26 legislative budget committee and the governor's office of strategic planning  
27 and budgeting a report on university debt and obligations, including:

- 28 1. Long-term notes and obligations.
- 29 2. Certificates of participation and other obligations pursuant to any  
30 lease-purchase agreements.
- 31 3. Revenue bonds.
- 32 4. Bonds issued pursuant to section 15-1682.03.



1           A. Each university may adopt rules for the control of vehicles and  
2 nonpedestrian devices on its property with respect to the following  
3 only: maximum speed of vehicles and nonpedestrian devices, direction of  
4 travel, authorized hours of travel, required stops in traffic, place of  
5 parking, method of parking, time of parking, nonparking areas, restricted  
6 areas, prohibition of parking in vehicle emissions control areas as defined  
7 in section 49-541 of those vehicles which fail to comply with section 49-542  
8 and designation of special parking areas for students, faculty, staff and the  
9 general public. Each university may prescribe and collect reasonable fees for  
10 specially designated parking areas. Each university shall cause signs and  
11 notices to be posted upon the property for the regulation of vehicles and  
12 nonpedestrian devices.

13           B. The rules adopted by each university pursuant to subsection A of  
14 this section shall be enforced administratively by each university. As to  
15 students, faculty and staff, these procedures may, but need not, involve both  
16 student and faculty adjudicating bodies, as long as all procedures give the  
17 individual notice and an opportunity to be heard concerning the alleged  
18 infractions and any sanction to be imposed upon him. Administrative and  
19 disciplinary sanctions may be imposed upon students, faculty and staff for a  
20 violation of the rules including, but not limited to: a reasonable monetary  
21 penalty, impoundment, regular institutional discipline, withdrawal or  
22 suspension of campus parking privileges, encumbrances of records or grades,  
23 or both, and oral or written reprimand. Habitual or flagrant disregard of  
24 rules shall be a ground for suspension or expulsion from the university for a  
25 student and may be taken into consideration as to faculty and staff in regard  
26 to amount of salary and continuation of employment.

27           C. Members of the general public who park their vehicles in an  
28 unauthorized manner upon the property of a university shall be warned  
29 concerning their unauthorized parking and, if they continue, or if such  
30 persons habitually park in such an unauthorized manner, the vehicles so  
31 parked may be impounded by the ~~institution~~ UNIVERSITY and a reasonable fee  
32 exacted for the cost of impoundment and storage.

1 D. Members of the general public who violate a rule adopted by the  
2 university pursuant to subsection A of this section regarding the use of  
3 nonpedestrian devices shall be warned of a violation and any nonpedestrian  
4 devices may be impounded by the university and a reasonable fee may be  
5 exacted for the cost of impoundment and storage.

6 E. Any person who has received a final administrative ruling  
7 concerning a sanction imposed upon him as a result of a violation of a rule  
8 pursuant to subsection A of this section shall have the right to have that  
9 ruling reviewed by the superior court in the county in which the ~~institution~~  
10 UNIVERSITY involved is situated, in accordance with the provisions of the  
11 administrative review act, title 12, chapter 7, article 6.

12 F. This section shall be considered supplemental in nature to the  
13 general common law and statutory powers of ~~institutions~~ THE UNIVERSITY ~~under~~  
14 ~~control of the board~~ as to the internal control and activities of ~~their~~  
15 students, faculty and staff.

16 G. ~~An institution under the jurisdiction of the board of regents and A~~  
17 UNIVERSITY which is located in a vehicle emissions control area as defined in  
18 section 49-541 shall prohibit the issuance of annual permits to park on  
19 property under its jurisdiction until the applicant submits an affidavit or  
20 shows proof that his vehicle meets the requirements of section 49-542.

21 H. For the purposes of this section, "nonpedestrian devices" includes  
22 bicycles, tricycles, unicycles, skateboards, roller skates and equines.

23 Sec. 8. Section 15-1628, Arizona Revised Statutes, is amended to read:  
24 15-1628. Powers and procedures pertaining to optional  
25 retirement programs

26 A. ~~The Arizona board of regents~~ THE GOVERNING BOARD OF EACH UNIVERSITY  
27 may establish optional retirement programs under which contracts providing  
28 retirement and death benefits may be purchased for members of the faculty and  
29 administrative officers of the ~~institutions under its jurisdiction~~  
30 UNIVERSITY. The benefits to be provided for or on behalf of participants in  
31 the optional retirement program shall be provided through annuity contracts,  
32 fixed or variable in nature, or a combination thereof, or other retirement

1 plans approved by the ~~Arizona board of regents~~ GOVERNING BOARD OF EACH  
2 UNIVERSITY.

3 B. Elections to participate in the optional retirement programs shall  
4 be made as follows:

5 1. Eligible employees initially appointed on or after August 9, 1974  
6 shall elect to become members of the Arizona state retirement system or to  
7 participate in an optional retirement program established by the ~~Arizona~~  
8 ~~board of regents~~ GOVERNING BOARD OF EACH UNIVERSITY. The election shall be  
9 made in writing and filed with the Arizona state retirement system and the  
10 disbursing officer of the employing ~~institution~~ UNIVERSITY and shall be  
11 effective as of the effective date of appointment. If an eligible employee  
12 fails to make an election as provided in this paragraph, the eligible  
13 employee shall be deemed to have elected membership in the Arizona state  
14 retirement system.

15 2. Eligible employees initially appointed before August 9, 1974 may  
16 elect to participate in the optional retirement programs. The election shall  
17 be made in writing and filed with the Arizona state retirement system and the  
18 disbursing officer of the employing ~~institution~~ UNIVERSITY on or before  
19 December 14, 1974, shall become effective as of January 1, 1975 and shall  
20 constitute a waiver of all benefits provided by the Arizona state retirement  
21 system, except all such benefits as are expressly provided by law.

22 3. Any employee who becomes eligible may elect an optional retirement  
23 program. The election shall be made in writing and filed with the Arizona  
24 state retirement system and the disbursing officer of the employing  
25 ~~institution~~ UNIVERSITY within thirty days after notice in writing to the  
26 employee of the employee's eligibility, and shall become effective on the  
27 first day of the pay period following such election, and shall constitute a  
28 waiver of all benefits provided by the Arizona state retirement system,  
29 except all such benefits as are expressly provided by law.

30 4. Any eligible employee who is a member of the Arizona state  
31 retirement system at the time the employee elects to participate in the  
32 optional retirement program shall leave the funds in the employee's

1 retirement account on deposit with the Arizona state retirement system during  
2 the continuance of employment. Additional contributions to the employee's  
3 retirement account shall not be required and continued service with the  
4 ~~Arizona board of regents or an institution under the jurisdiction of the~~  
5 ~~Arizona board of regents~~ UNIVERSITY while under an optional retirement  
6 program shall be deemed to be member service in the Arizona state retirement  
7 system for the purpose of determining eligibility for any benefits under such  
8 system. The amount of any such benefits under such system shall be computed  
9 only on the basis of service otherwise creditable to a member of the system  
10 and the employee's compensation during such service. For purposes of  
11 subsection D of this section, years of member service in the Arizona state  
12 retirement system shall count as years of service under the optional  
13 retirement programs.

14 C. The ~~Arizona board of regents~~ GOVERNING BOARD OF EACH UNIVERSITY  
15 shall contribute public funds appropriated or any other funds available for  
16 such purpose on behalf of each participant in the optional retirement  
17 programs in an amount equal to seven per cent of the participant's  
18 compensation. Each participant shall also contribute an amount equal to  
19 seven per cent of the participant's compensation. The appropriation to each  
20 university ~~for purposes of enabling the Arizona board of regents~~ to make the  
21 contribution provided in this subsection shall not exceed the employer  
22 contribution required under the Arizona state retirement system as prescribed  
23 by title 38, chapter 5, article 2. Funds utilized by ~~the board of regents or~~  
24 ~~by~~ a university to pay that portion of the contribution that represents the  
25 difference between the employer contribution as prescribed by title 38,  
26 chapter 5, article 2 and the contribution rate provided in this subsection  
27 for an optional retirement program do not constitute a use of appropriated  
28 monies for supplemental retirement.

29 D. In the case of an electing employee initially appointed on or after  
30 August 9, 1974, contributions pursuant to subsection C of this section shall  
31 not be made by the ~~Arizona board of regents~~ UNIVERSITY until the employee's  
32 completion of five years of service. Employee contributions required during

1 this initial five year period and during continued service with ~~an~~  
2 ~~institution under the jurisdiction of the Arizona board of regents~~ A  
3 UNIVERSITY shall be promptly remitted to the optional retirement programs  
4 approved by the ~~Arizona board of regents~~ GOVERNING BOARD OF THE  
5 UNIVERSITY. At the end of an electing employee's completion of five years of  
6 service, a single contribution in an amount determined pursuant to subsection  
7 C of this section, with interest, shall be made by the chief financial  
8 officer of the employing ~~institution~~ UNIVERSITY to the approved company or  
9 companies on behalf of such employee. In the case of an electing employee  
10 who does not continue in service with ~~an institution under the jurisdiction~~  
11 ~~of the Arizona board of regents~~ A UNIVERSITY for at least five years, the  
12 amount of employer contributions, with interest, shall be refunded to this  
13 state.

14 E. If an employee's service is terminated by death prior to the  
15 completion of five years of service, a death benefit equal to the sums  
16 appropriated for such employee, plus interest, shall be paid to the  
17 beneficiary designated by the participant under the participant's optional  
18 retirement program.

19 F. The provisions of subsection D of this section shall not apply to  
20 any electing employee who, at the time of initial appointment, owns a  
21 contract determined by the ~~Arizona board of regents~~ GOVERNING BOARD OF THE  
22 UNIVERSITY to be acceptable for use in the optional retirement program.

23 G. The ~~Arizona board of regents~~ GOVERNING BOARD OF EACH UNIVERSITY may  
24 provide for the administration of such optional retirement programs and  
25 perform or authorize the performance of such functions as may be necessary  
26 for such purposes. The ~~Arizona board of regents~~ GOVERNING BOARD OF EACH  
27 UNIVERSITY shall approve the company or companies from which benefits may be  
28 purchased under the optional retirement programs. Such optional retirement  
29 programs shall not permit loans. In giving its approval, the board shall  
30 consider:

31 1. The nature and extent of the rights and benefits to be provided for  
32 participants and their beneficiaries.

1           2. The relation of such rights and benefits to the amount of  
2 contributions to be made.

3           3. The suitability of such rights and benefits to the needs of the  
4 participants and the interests of the ~~institutions under its jurisdiction~~  
5 UNIVERSITY in the recruitment and retention of faculty and administrative  
6 officers.

7           4. The ability of the approved company or companies to provide such  
8 suitable rights and benefits.

9           H. Any eligible employee initially appointed after August 9, 1974,  
10 electing to participate in the optional retirement programs, shall be  
11 ineligible for membership in the Arizona state retirement system as long as  
12 the employee remains continuously employed in any position by the ~~Arizona~~  
13 ~~board of regents or by an institution under its jurisdiction~~ UNIVERSITY,  
14 except as expressly provided by law.

15           I. The benefits, annuities and employee and employer contributions  
16 provided for in this section, and all interest, earnings and other credits  
17 pertaining to such benefits, annuities and contributions, shall not be  
18 subject to execution or attachment and shall be nonassignable. The employee  
19 and employer contributions provided for in this section and all interest,  
20 earnings and other credits pertaining to such contributions are exempt from  
21 state, county and municipal taxes. The benefits and annuities received by an  
22 employee under this section after December 31, 1988 are subject to tax  
23 pursuant to title 43.

24           J. Subject to amendment of the federal-state agreement provided for in  
25 section 38-702, every eligible employee electing to participate in the  
26 optional retirement programs shall have old age, survivors and disability  
27 insurance coverage provided by the federal social security act in accordance  
28 with the provisions of title 38, chapter 5, article 1.

29           Sec. 9. Section 15-1629, Arizona Revised Statutes, is amended to read:  
30 15-1629. Annual report

31           Within ninety days after the close of each fiscal year the ~~Arizona~~  
32 ~~board of regents~~ GOVERNING BOARDS OF EACH UNIVERSITY shall JOINTLY make a

1 report for the fiscal year to the governor. The report shall set forth the  
2 state of progress of the universities in their several colleges, schools and  
3 departments, the courses of study included in their curricula, the number of  
4 professors, other instructional faculty and staff members employed, the  
5 number of students registered and attending classes, the amount of receipts  
6 and expenditures and such other information as the ~~board~~ GOVERNING BOARDS  
7 ~~deems~~ DEEM proper.

8 Sec. 10. Section 15-1630, Arizona Revised Statutes, is amended to  
9 read:

10 15-1630. Abortion at educational facility prohibited; exception

11 No abortion shall be performed at any facility under the jurisdiction  
12 of the ~~Arizona board of regents~~ GOVERNING BOARD OF A UNIVERSITY unless such  
13 abortion is necessary to save the life of the woman having the abortion.

14 Sec. 11. Section 15-1631, Arizona Revised Statutes, is amended to  
15 read:

16 15-1631. State museum

17 A. There shall be a state museum for the collection and preservation  
18 of the archaeological resources, specimens of the mineral wealth and the  
19 flora and fauna of this state.

20 B. The ~~Arizona board of regents~~ GOVERNING BOARD OF THE UNIVERSITY OF  
21 ARIZONA shall direct and manage the museum and shall set apart sufficient  
22 space to accommodate it.

23 Sec. 12. Section 15-1633, Arizona Revised Statutes, is amended to  
24 read:

25 15-1633. Use of university resources or employees to influence  
26 elections; prohibition; civil penalty; definitions

27 A. A person acting on behalf of a university or a person who aids  
28 another person acting on behalf of a university shall not spend or use  
29 university resources, including the use or expenditure of monies, accounts,  
30 credit, facilities, vehicles, postage, telecommunications, computer hardware  
31 and software, web pages, personnel, equipment, materials, buildings or any  
32 other thing of value of the university for the purpose of influencing the

1 outcomes of elections or to advocate support for or opposition to pending or  
2 proposed legislation. Notwithstanding this section, a university may  
3 distribute informational pamphlets on a proposed bond election as provided in  
4 section 35-454 if those informational pamphlets present factual information  
5 in a neutral manner. This section does not preclude any of the following:

6 1. A university from reporting on official actions of the university  
7 ~~or the Arizona board of regents.~~

8 2. A registered lobbyist from advocating on behalf of the university  
9 ~~or the Arizona board of regents.~~

10 3. An employee of a university using personal time and resources from  
11 influencing the outcomes of elections or from advocating support for or  
12 opposition to pending or proposed legislation if the employee does not use  
13 university personnel, equipment, materials, buildings or other resources for  
14 these purposes.

15 4. Any university employee from providing classroom instruction on  
16 matters relating to politics, elections, laws, ballot measures, candidates  
17 for public office and pending or proposed legislation.

18 5. The use of university resources, including facilities and  
19 equipment, for government-sponsored forums or debates if the sponsor remains  
20 impartial and the events are purely informational and provide an equal  
21 opportunity to all viewpoints. The rental and use of a university facility  
22 by a private person or entity that may lawfully attempt to influence the  
23 outcome of an election is permitted if it does not occur at the same time and  
24 place as a government-sponsored forum or debate.

25 B. Employees of a university may not use the authority of their  
26 positions to influence the vote or political activities of any subordinate  
27 employee.

28 C. This section does not prohibit universities from permitting student  
29 political organizations of political parties, including those that are  
30 recognized pursuant to sections 16-801, 16-802 and 16-803, to conduct lawful  
31 meetings in university buildings or on university grounds, except as  
32 prescribed in subsection A of this section. Each student political

1 organization that is allowed to conduct lawful meetings on university  
2 property shall have equal access as any other student political organization  
3 that is allowed to conduct lawful meetings on university property.

4 D. This section shall not be construed as denying the civil and  
5 political liberties of any person as guaranteed by the United States and  
6 Arizona Constitutions.

7 E. Except as provided in subsection F of this section, universities  
8 ~~under the jurisdiction of the Arizona board of regents~~ may not:

9 1. Provide publicly funded programs, scholarships or courses if the  
10 purpose of the program, scholarship or course is to advocate for a specified  
11 public policy.

12 2. Allow publicly funded organizations, institutes or centers to  
13 operate on the campus of the university or on behalf of or in association  
14 with the university if the purpose of the organization, institute or center  
15 is to advocate for a specified public policy.

16 F. Subsection E of this section does not apply to:

17 1. A registered lobbyist who advocates on behalf of the university ~~or~~  
18 ~~the Arizona board of regents~~ and other employees assisting such lobbyists in  
19 their official capacity.

20 2. Any university employee who expresses a personal opinion on a  
21 political or policy issue, regardless of whether that opinion is expressed  
22 inside or outside the classroom.

23 3. Print or electronic media produced by students who are enrolled at  
24 a university.

25 4. A recognized student government, club or organization of students  
26 who are enrolled at a university.

27 5. Any university employee who is appointed to a government board,  
28 commission or advisory panel who provides expert testimony or guidance on  
29 public policy.

30 6. The publication of reports or the hosting of seminars or guest  
31 speakers by the university that recommends public policy.

1           7. Researching, teaching and service activities of university  
2 employees that involve the study, discussion, intellectual exercise, debate  
3 or presentation of information that recommends public policy.

4           8. Any other type of advocacy that is allowed by law.

5           G. The attorney general shall publish and distribute to the ~~Arizona~~  
6 ~~board of regents~~ GOVERNING BOARD OF EACH UNIVERSITY a detailed guideline  
7 regarding activities prohibited under this section. The attorney general may  
8 distribute these guidelines through a website or electronically.

9           H. The attorney general or the county attorney for the county in which  
10 an alleged violation of this section occurred may serve on the person an  
11 order requiring compliance with this section and may assess a civil penalty  
12 of not more than five thousand dollars per violation, plus any amount of  
13 misused funds subtracted from the university budget against a person who  
14 violates or a person who aids another person in violating this section. The  
15 person determined to be out of compliance with this section shall be  
16 responsible for the payment of all penalties and misused funds. University  
17 funds or insurance payments shall not be used to pay these penalties or  
18 misused funds. All misused funds collected pursuant to this section shall be  
19 returned to the university whose funds were misused.

20           I. An attorney acting on behalf of a university may request a legal  
21 opinion of the attorney general as to whether a proposed use of university  
22 resources would violate this section.

23           J. All penalties collected by the court for a suit initiated in  
24 superior court by the attorney general shall be paid to the office of the  
25 attorney general for the use and reimbursement of costs of prosecution  
26 pursuant to this section. All penalties collected by the court for a suit  
27 initiated in superior court by a county attorney shall be paid to the county  
28 treasurer of the county in which the court is held for the use and  
29 reimbursement of costs of prosecution pursuant to this section.

30           K. For the purposes of this section:

31           1. "Government-sponsored forum or debate" means any event, or part of  
32 an event or meeting, in which the government is an official sponsor, which is

1 open to the public or to invited members of the public, and whose purpose is  
2 to inform the public about an issue or proposition that is before the voters.

3 2. "Influencing the outcomes of elections" means supporting or  
4 opposing a candidate for nomination or election to public office or the  
5 recall of a public officer or supporting or opposing a ballot measure,  
6 question or proposition, including any bond, budget or override election and  
7 supporting or opposing the circulation of a petition for the recall of a  
8 public officer or a petition for a ballot measure, question or proposition in  
9 any manner that is not impartial or neutral.

10 3. "Misused funds" means university monies or resources used  
11 unlawfully pursuant to this section.

12 Sec. 13. Section 15-1634, Arizona Revised Statutes, is amended to  
13 read:

14 15-1634. Intergovernmental agreements; special assessments

15 A. Pursuant to section 48-582 or 48-920 or in conjunction with any  
16 street improvement made pursuant to any other statute, the GOVERNING board OF  
17 EACH UNIVERSITY on behalf of this state or any university may enter into and  
18 shall be bound by intergovernmental agreements with one or more cities,  
19 counties or improvement districts for the purpose of improving streets  
20 adjacent to or running through university property by the construction of any  
21 or all of the improvements authorized in either title 48, chapter 4, articles  
22 1 and 2 or title 48, chapter 6, article 1.

23 B. The agreement may provide that assessments may be levied against  
24 university property to secure repayment of the cost of the improvements. So  
25 long as this state or the GOVERNING board OF THE UNIVERSITY owns the land so  
26 assessed the assessment liens may not be enforced by sale or  
27 foreclosure. The agreement may also provide that the university's share of  
28 any incidental cost may be paid by the GOVERNING board OF THE UNIVERSITY from  
29 any available fund of that university. The GOVERNING board OF THE UNIVERSITY  
30 shall pay or cause to be paid the installments of principal and interest  
31 coming due on the assessments and may pledge for the payment thereof any  
32 monies of the respective university which do not cause the agreement or

1 assessment to become a debt of this state under, or contrary to, any  
2 constitutional provision and which do not violate any contract rights of any  
3 other person to be paid from the same source. The agreement shall provide  
4 that the payments due under the agreement include any penalties and  
5 additional interest that the owner of property subject to assessment would be  
6 required to pay on the delinquency of an installment of principal or  
7 interest.

8 C. In the agreement the GOVERNING board OF THE UNIVERSITY may waive  
9 any formal requirement, notice or prerequisite to levying an assessment.

10 D. If the GOVERNING board OF THE UNIVERSITY leases, long-term leases  
11 or sells any parcel subject to an assessment, the GOVERNING board OF THE  
12 UNIVERSITY shall require that the lessee's or purchaser's initial payment be  
13 in an amount at least sufficient to reimburse the GOVERNING board OF THE  
14 UNIVERSITY for the parcel's allocative share of the monies previously  
15 expended to pay the assessment. The GOVERNING board OF THE UNIVERSITY shall  
16 return such amount to be reimbursed to the source of the monies under  
17 subsection B of this section.

18 E. Upon the sale of any parcel subject to an assessment, the lien of  
19 the assessment may be enforced by foreclosure and sale in the manner set  
20 forth in the respective statute authorizing the levying of the assessment.

21 Sec. 14. Section 15-1635, Arizona Revised Statutes, is amended to  
22 read:

23 15-1635. University research development purposes; product  
24 development; corporations

25 A. In order to stimulate the flow of capital into the development of  
26 specific products which have advanced beyond the theoretical stage and are  
27 capable of being reduced to practice on a commercial scale, the board may by  
28 resolution organize one or more corporations under the provisions of title  
29 10. At least one-half of any voting shares of each such corporation shall be  
30 held by the GOVERNING board OF THE UNIVERSITY, or a majority of the  
31 directors, trustees or members of the corporation shall be designated or  
32 appointed by the GOVERNING board OF THE UNIVERSITY. No member or employee of

1 the GOVERNING board OF A UNIVERSITY may receive any direct or indirect  
2 compensation, other than reimbursement for actual expenses incurred in the  
3 performance of his duties, by reason of serving as a member, director or  
4 trustee of a corporation organized under this section.

5 B. No such corporation may be organized unless the GOVERNING board OF  
6 THE UNIVERSITY finds in its organizational resolution that its formation will  
7 stimulate and encourage the development of new products within this state in  
8 situations in which financial aid would not otherwise be reasonably available  
9 from conventional lending sources. In addition to the powers each  
10 corporation may have, each corporation may:

11 1. Enter into product development agreements with persons doing  
12 business in this state, on such terms and conditions as are consistent with  
13 the research development purposes of the GOVERNING board OF THE UNIVERSITY,  
14 to advance financial aid to such persons for the development of specific  
15 products, procedures and techniques to be developed and produced in this  
16 state and to condition such agreements on contractual assurances that the  
17 benefits of increasing or maintaining employment and tax revenues shall  
18 remain in this state and accrue to it.

19 2. Acquire, lease, purchase, manage, hold and dispose of real and  
20 personal property in this state and lease, convey or deal in or enter into  
21 contracts with respect to such property on any terms necessary or incidental  
22 to carrying out these research and development purposes.

23 3. Hold patents, copyrights, trademarks or any other evidences of  
24 protection or exclusivity as to any products issued under the laws of the  
25 United States or any state or nation.

26 C. Before organizing such a corporation, the GOVERNING board OF THE  
27 UNIVERSITY shall develop a procedure for applications for financial aid to be  
28 forwarded, together with an application fee prescribed by the GOVERNING board  
29 OF THE UNIVERSITY, to the GOVERNING board OF THE UNIVERSITY. The GOVERNING  
30 board OF THE UNIVERSITY shall investigate and prepare a report concerning the  
31 advisability of approving the proposed financial aid for such person and  
32 concerning any other factors deemed relevant. The investigation and report

1 shall include such facts about the person under consideration as his history,  
2 wage standards, job opportunities, stability of employment, past and present  
3 financial condition and structure, pro forma income statements, present and  
4 future markets and prospects and integrity of management as well as the  
5 feasibility of the proposed project to be granted financial aid, including  
6 the state of development of the product as well as the likelihood of its  
7 commercial feasibility. After receipt and consideration of the report and  
8 after other action as is deemed appropriate, the GOVERNING board OF THE  
9 UNIVERSITY shall approve or deny the application. The GOVERNING board OF THE  
10 UNIVERSITY shall promptly notify the applicant of such action. Approval  
11 shall be conditioned on payment to the GOVERNING board OF THE UNIVERSITY,  
12 within such reasonable time after notification of approval as the GOVERNING  
13 board OF THE UNIVERSITY may specify, of a commitment fee prescribed by the  
14 board.

15 D. The GOVERNING board OF THE UNIVERSITY may receive and accept aid or  
16 contributions of monies from any source, including gifts or grants from  
17 private sources or from any department or agency of the United States or this  
18 state, for the purposes of carrying out the provisions of this section.

19 E. The GOVERNING board OF THE UNIVERSITY may also enter into research  
20 and development agreements, royalty agreements, development agreements,  
21 licensing agreements and profit sharing agreements concerning the research,  
22 development, production, storing or marketing of new products developed or to  
23 be developed through university research.

24 Sec. 15. Section 15-1635.01, Arizona Revised Statutes, is amended to  
25 read:

26 15-1635.01. Transfer of technology developed by universities;  
27 intellectual property policies; officer or  
28 employee interest in private entity

29 A. To encourage the exchange of technological expertise, new research  
30 development and other valuable information between private enterprise and the  
31 university system in this state and to facilitate the transfer of technology  
32 developed by officers or employees of universities ~~under the jurisdiction of~~

1 ~~the Arizona board of regents~~ to commercial, nonprofit and entrepreneurial  
2 enterprises for the economic development of this state and for the public  
3 benefit, the ~~Arizona board of regents~~ GOVERNING BOARD OF THE UNIVERSITY shall  
4 maintain intellectual property policies that allow, on a case-by-case  
5 negotiated basis, the licensing, assignment or other transfer of intellectual  
6 property owned by the GOVERNING board OF THE UNIVERSITY to third parties if  
7 the transfer is in the best interest of this state and the university system  
8 or the transfer otherwise promotes the dissemination of university research  
9 for the public benefit.

10 B. Notwithstanding title 38, chapter 3, article 8, ~~the Arizona board~~  
11 ~~of regents,~~ a university or an entity authorized to manage intellectual  
12 property on behalf of the GOVERNING board OF THE UNIVERSITY or a university  
13 may enter into agreements to transfer intellectual property owned by the  
14 GOVERNING board OF THE UNIVERSITY to an officer or employee of ~~an institution~~  
15 ~~under the jurisdiction of the Arizona board of regents~~ A UNIVERSITY or to an  
16 entity in which an officer or employee maintains a substantial interest as  
17 defined by section 38-502.

18 C. Before concluding an agreement for the transfer of any intellectual  
19 property owned by the ~~Arizona board of regents~~ GOVERNING BOARD OF A  
20 UNIVERSITY to an officer or employee of the board or a university or to an  
21 entity in which an officer or employee of the GOVERNING board OF THE  
22 UNIVERSITY or a university maintains a substantial interest, the GOVERNING  
23 board OF THE UNIVERSITY or university shall do all of the following:

24 1. Identify, on a case-by-case basis, individual and institutional  
25 conflicts of interest and conflicts of commitment that may arise as a result  
26 of the proposed transfer.

27 2. Determine whether the potential conflicts are manageable.

28 3. If the potential conflicts are manageable, develop a conflict  
29 management plan and enter into agreements as necessary for the appropriate  
30 management and oversight of the potential conflicts in conformance with  
31 policies of the ~~Arizona board of regents and the~~ university.

1 D. The GOVERNING board OF THE UNIVERSITY shall maintain appropriate  
2 policies and procedures for the implementation of this section.

3 Sec. 16. Section 15-1636, Arizona Revised Statutes, is amended to  
4 read:

5 15-1636. Lease of real property and improvements in research  
6 park; prohibited and permitted uses

7 A. The GOVERNING board OF A UNIVERSITY shall not lease real property  
8 located in an area defined as a research park pursuant to section 35-701  
9 unless the lease contains a covenant that prohibits unlimited manufacturing  
10 on the site and allows the GOVERNING board OF THE UNIVERSITY to enforce the  
11 covenant by appropriate means, which may include termination of the lease.

12 B. The GOVERNING board OF A UNIVERSITY may take title to and lease  
13 improvements constructed on land located in an area defined as a research  
14 park pursuant to section 35-701 if the lease contains a covenant that  
15 restricts the use of the subject property to the uses permitted under this  
16 section. The lease shall allow the board to enforce the covenant by  
17 appropriate means, including termination of the lease. The GOVERNING board  
18 OF THE UNIVERSITY may lease unimproved lots or parcels located in an area  
19 defined as a research park pursuant to section 35-701 for any use by a  
20 lessee.

21 C. The requirements of subsection B of this section do not apply to  
22 improvements constructed before July 20, 1996 or to a lease entered into  
23 between the board and a lessee, subsidiary, successor, sublessee or assignee  
24 of a lessee, who originally entered into any lease with the board before July  
25 31, 1996.

26 D. The subject property may be used only for the following purposes:

27 1. Laboratories, offices and other facilities for testing, consulting  
28 and information processing, related to research and development.

29 2. Production, assembly or sale of products pursuant to research and  
30 development activities.

31 3. Pilot plants in which processes planned for use in production  
32 elsewhere can be tested and assembled.

1           4. Regional or national headquarters of the lessee or its subsidiaries  
2 that are engaged in research and development or education activities.

3           5. Education and training facilities.

4           6. Operations required to maintain or support any permitted use,  
5 including maintenance shops, power plants, wastewater treatment facilities,  
6 the keeping of animals, machine shops, common area improvements and  
7 facilities and professional and commercial services supporting permitted  
8 uses, such as child development centers, food services and post office and  
9 mailing centers.

10           Sec. 17. Section 15-1637, Arizona Revised Statutes, is amended to  
11 read:

12           15-1637. Lease of property for health care institution;  
13                                   requirements; conditions; reports; directors,  
14                                   members and officers of nonprofit corporation;  
15                                   definition

16           A. The ~~Arizona board of regents~~ GOVERNING BOARD OF A UNIVERSITY may  
17 lease real property, improvements or personal property owned by the GOVERNING  
18 board OF THE UNIVERSITY to a nonprofit corporation as lessee for purposes of  
19 operating a health care institution as defined in section 36-401. If the  
20 GOVERNING board OF THE UNIVERSITY leases such property for such purposes,  
21 whether title to improvements on the property rests in the GOVERNING board OF  
22 THE UNIVERSITY or in the lessee, the lease agreement and any amendments,  
23 renewals or extensions of the agreement shall be deemed binding and effective  
24 according to its terms. If, under the provisions of the lease, improvements  
25 or personal property related to the operation of a health care institution  
26 are conveyed to the nonprofit corporation, they shall be presumed to have  
27 been conveyed for their then fair market value.

28           B. Any lease agreement entered into pursuant to subsection A of this  
29 section may, at the discretion of the ~~Arizona board of regents~~ GOVERNING  
30 BOARD OF A UNIVERSITY, contain provisions requiring the nonprofit corporation  
31 to acquire the approval of the ~~Arizona board of regents~~ GOVERNING BOARD OF  
32 THE UNIVERSITY prior to entering into any business transactions that may

1 adversely affect the interests of this state or that are contained in  
2 subsection G, paragraph 2 of this section. The ~~Arizona board of regents~~  
3 GOVERNING BOARD OF THE UNIVERSITY shall specify in the lease agreement the  
4 type and nature of such transactions which require prior approval of the  
5 GOVERNING board OF THE UNIVERSITY.

6 C. To satisfy the requirements of section 103 of the internal revenue  
7 code, as defined in section 43-105, any nonprofit corporation which is a  
8 lessee as described in subsection A of this section is declared to be:

9 1. A validly organized and existing body politic and corporate  
10 exercising its powers for the benefit of the people, to improve their health  
11 and welfare and to increase their prosperity.

12 2. Engaged in a purpose essential to public health care.

13 3. Performing an essential governmental function.

14 D. Any nonprofit corporation which is a lessee as described in  
15 subsection A of this section is exempt from property taxation by this state  
16 or any agency or subdivision of this state and possesses and may exercise  
17 only those powers of the ~~Arizona board of regents~~ GOVERNING BOARD OF THE  
18 UNIVERSITY which are delegated to the nonprofit corporation by the ~~Arizona~~  
19 ~~board of regents~~ GOVERNING BOARD OF THE UNIVERSITY and which are necessary to  
20 satisfy the requirements of section 103 of the internal revenue code, as  
21 defined in section 43-105, as specified in the terms, conditions,  
22 restrictions and agreements of the lease agreement. These powers are in  
23 addition to all those powers granted to a nonprofit corporation by title 10,  
24 chapters 24 through 40.

25 E. Any nonprofit corporation which is a lessee as described in  
26 subsection A of this section may issue bonds and incur obligations and pledge  
27 its revenues as security for the payment of the bonds or other obligations  
28 for health care institutional purposes to the extent provided by the lease  
29 agreement or amendments, renewals or extensions of the agreement. Nothing in  
30 this section shall be construed to authorize the incurrence of a debt by the  
31 state within the meaning of any constitutional restriction on debt.

1           F. Except as provided in subsection G of this section, any nonprofit  
2 corporation which is a lessee as described in subsection A of this section  
3 may acquire by purchase, lease or otherwise, and may operate, other health  
4 care institutions and real and personal property for purposes of providing  
5 products and services related to the operation of health care institutions  
6 owned, leased or operated by it. Such acquisition or operation does not  
7 affect the powers, rights, privileges or immunities conferred on such  
8 nonprofit corporation by this section.

9           G. No nonprofit corporation which is a lessee as described in  
10 subsection A of this section shall:

11           1. Until September 1, 1986 enter into any agreement with a county or a  
12 nonprofit corporation to which property is conveyed pursuant to section  
13 11-256.03, subsection A if the agreement provides for the conveyance of any  
14 ownership interest whatever in the nonprofit corporation to which property is  
15 conveyed pursuant to section 11-256.03, subsection A or in the property  
16 described in section 11-256.03, subsection A. After August 31, 1986 any such  
17 agreement must be approved by the ~~Arizona board of regents~~ GOVERNING BOARD OF  
18 THE UNIVERSITY and the legislature. This subsection does not prevent the  
19 grant of an option to purchase such property, provided that the option may  
20 not be exercised before September 1, 1986 and the exercise of the option must  
21 be approved by the ~~Arizona board of regents~~ GOVERNING BOARD OF THE UNIVERSITY  
22 and the legislature. Under no circumstances shall any state general fund  
23 monies be used to acquire any interest in such property.

24           2. Own, lease, manage or operate any other health care institution or  
25 other real or personal property unless such acquisition, management or  
26 operation either:

27           (a) Relates to and furthers the educational or research purposes and  
28 goals of the university of Arizona hospital.

29           (b) Promotes the efficient and economical operation of the university  
30 of Arizona hospital or any other health care institution acquired pursuant to  
31 paragraph 1 of this subsection.

1           H. A nonprofit corporation which is a lessee as described in  
2 subsection A of this section may manage and operate property described in  
3 section 11-256.03, subsection A subject to the restrictions of subsection G  
4 of this section. Any management or operation agreement shall provide that  
5 the nonprofit corporation which is a lessee as described in subsection A of  
6 this section shall not be liable for any bonds or other obligation of any  
7 kind relating to the ownership or operation of the property described in  
8 section 11-256.03, subsection A incurred before the property is conveyed to  
9 such nonprofit corporation in accordance with subsection G of this section.

10           I. A health care institution which is the subject of a lease agreement  
11 as described in subsection A of this section is subject to section 15-1630.

12           J. A nonprofit corporation which is a lessee as described in  
13 subsection A of this section shall make semiannual progress reports as to its  
14 financial status and deliver them on January 1 and July 1 of each year to the  
15 ~~Arizona board of regents~~ GOVERNING BOARD OF A UNIVERSITY, the president of  
16 the senate, the speaker of the house of representatives and the governor. The  
17 nonprofit corporation shall present an independently audited financial  
18 statement to the auditor general within ninety days of the close of the  
19 previous fiscal year. The auditor general shall review such statements and  
20 transmit them together with a report to officers entitled to receive progress  
21 reports by this subsection.

22           K. Any nonprofit corporation which is a lessee as described in  
23 subsection A of this section shall:

24           1. Be organized as a nonprofit corporation pursuant to title 10,  
25 chapters 24 through 40 only upon the approval of the ~~Arizona board of regents~~  
26 GOVERNING BOARD OF THE UNIVERSITY.

27           2. Be governed by a board of directors, the members of which are  
28 appointed by the ~~Arizona board of regents~~ GOVERNING BOARD OF THE UNIVERSITY,  
29 provided that no more than forty-nine per cent of the members of such board  
30 of directors of the nonprofit corporation shall be officers or employees of  
31 this state and of such forty-nine per cent only two members of such board of  
32 directors may be members of the ~~Arizona board of regents~~ GOVERNING BOARD OF

1 THE UNIVERSITY. Members of the ~~Arizona board of regents~~ GOVERNING BOARD OF  
2 THE UNIVERSITY who are appointed to the board of directors of such nonprofit  
3 corporation shall be residents of different counties unless all members of  
4 ~~the board of regents~~ GOVERNING BOARD OF THE UNIVERSITY are residents of the  
5 same county.

6 3. Be organized under articles of incorporation or bylaws approved by  
7 the ~~Arizona board of regents~~ GOVERNING BOARD OF THE UNIVERSITY which shall  
8 provide among other things that:

9 (a) No earnings of the nonprofit corporation shall inure to the  
10 benefit of or be distributable to its members, directors, officers or other  
11 individuals, except that the nonprofit corporation shall be authorized to pay  
12 reasonable compensation for services rendered to it by individuals other than  
13 members of the board of directors of the nonprofit corporation acting solely  
14 in such capacity, to reimburse expenses in connection with services rendered  
15 to or expenses incurred on behalf of the nonprofit corporation and to make  
16 payments and distributions in furtherance of the purposes of the nonprofit  
17 corporation.

18 (b) Upon the dissolution or liquidation of the nonprofit corporation,  
19 the board of directors of the nonprofit corporation shall, after paying or  
20 making provision for the payment of all of the liabilities of the nonprofit  
21 corporation, distribute all of the assets of the nonprofit corporation to the  
22 ~~Arizona board of regents~~ GOVERNING BOARD OF THE UNIVERSITY or its successor.

23 (c) Neither the articles of incorporation nor the bylaws of the  
24 nonprofit corporation shall be amended without the approval of the ~~Arizona~~  
25 ~~board of regents~~ GOVERNING BOARD OF THE UNIVERSITY.

26 (d) The board of directors of the nonprofit corporation may adopt  
27 nondiscriminatory rules and regulations providing for the use of the  
28 university of Arizona hospital by, and staff privileges for, any persons  
29 licensed under title 32, chapter 7, 13 or 17 whether or not such persons have  
30 a faculty teaching appointment with the school of medicine, providing,  
31 however, that such rules and regulations shall contain requirements

1 sufficient to protect the educational and research purposes and goals of the  
2 university of Arizona hospital.

3 L. No member of the ~~Arizona board of regents~~ GOVERNING BOARD OF THE  
4 UNIVERSITY who is also a member or director of a nonprofit corporation which  
5 is a lessee as described in subsection A of this section shall as a regent  
6 vote upon any matter pertaining to such a corporation as may come before the  
7 ~~Arizona board of regents~~ GOVERNING BOARD OF THE UNIVERSITY.

8 M. For the purposes of this section "nonprofit corporation" means a  
9 corporation as defined in section 10-3140.

10 Sec. 18. Section 15-1639, Arizona Revised Statutes, is amended to  
11 read:

12 ~~15-1639.~~ University recruitment and retention program for  
13 economically disadvantaged, minority and  
14 underrepresented student populations

15 A. The three universities ~~under the jurisdiction of the board of~~  
16 ~~regents~~ shall each establish a comprehensive plan to initiate new programs  
17 and expand existing student recruitment and retention programs directed at  
18 economically disadvantaged, minority and underrepresented student  
19 populations. The plan shall incorporate at least the following:

20 1. Programs which are directed at Arizona resident students and which  
21 include outreach programs established to work with potential students at the  
22 high school level.

23 2. A program overview which illustrates the coordination between  
24 existing and new recruitment and retention programs.

25 3. Methods for the evaluation of program impact and the establishment  
26 of target goals for success. The results of these evaluations shall be  
27 reported to the ~~board of regents~~ GOVERNING BOARD OF THE UNIVERSITY utilizing  
28 a standard format distributed by the GOVERNING board OF THE UNIVERSITY.

29 B. Monies appropriated for this program shall not be used to support  
30 remedial course work.

1 C. Students admitted to the universities must meet the admission  
2 criteria established by the ~~board of regents~~ GOVERNING BOARD OF THE  
3 UNIVERSITY.

4 Sec. 19. Section 15-1640, Arizona Revised Statutes, is amended to  
5 read:

6 15-1640. Public records exemptions; confidential information;  
7 historical records; donor records

8 A. The following records of a university ~~under the jurisdiction of the~~  
9 ~~Arizona board of regents~~ are exempt from title 39, chapter 1, article 2:

10 1. Information or intellectual property that is not available to the  
11 public and that is a trade secret as defined in section 44-401 or that is  
12 either:

13 (a) Contained in unfunded grant applications or proposals.

14 (b) Developed by persons employed by a university, independent  
15 contractors working with a university or third parties that are collaborating  
16 with a university, if the disclosure of this data or material would be  
17 contrary to the best interests of this state.

18 (c) Provided to a university by a third party pursuant to the terms  
19 and conditions of a contract between the university and the third party. In  
20 order to qualify for the exemption prescribed in this subdivision, all of the  
21 following criteria must be met:

22 (i) The contract specifies that the information being provided to the  
23 university is confidential and that there is a need to maintain that  
24 confidentiality.

25 (ii) The contract is approved before the contract becomes effective by  
26 an official of the university who is authorized to sign these contracts.

27 (iii) The contract includes the name or names of the third party and a  
28 general description of the research or other work that is the subject of the  
29 contract in a manner sufficient to provide the public with the information  
30 necessary to understand the nature of that research or other work.

1 (iv) Except for the exemptions from public disclosure prescribed in  
2 this section, the contract will become a public document that is subject to  
3 title 39, chapter 1, article 2 when the contract is executed.

4 (d) Composed of unpublished research data, manuscripts, preliminary  
5 analyses, drafts of scientific papers, plans for future research and  
6 prepublication peer reviews.

7 2. Historical records and materials donated to a university by a  
8 private person or a private entity, if restricted access is a condition of  
9 the donation. The exemption provided by this paragraph shall expire no later  
10 than twenty years after the original donation.

11 3. All records concerning donors or potential donors to a university,  
12 other than the names of the donors and the description, date, amount and  
13 conditions of these donations.

14 B. This section does not affect the issues to be decided between a  
15 university and a contracting party, including issues related to the  
16 university's right to publish the data and the results of the university's  
17 research or discoveries and the timing of any related publication.

18 C. Any exemption provided by subsection A of this section shall no  
19 longer be applicable if the subject matter of the records becomes available  
20 to the general public.

21 Sec. 20. Section 15-1641, Arizona Revised Statutes, is amended to  
22 read:

23 15-1641. University collegiate special plate funds; purpose

24 A. The ~~Arizona board of regents~~ GOVERNING BOARD OF EACH UNIVERSITY  
25 shall establish a ~~separate~~ university collegiate special plate fund for each  
26 university, as described in section 15-1601, consisting of monies received by  
27 the GOVERNING board OF EACH UNIVERSITY from collegiate plate annual donations  
28 for universities pursuant to section 28-2412.

29 B. The ~~board of regents~~ GOVERNING BOARD OF A UNIVERSITY shall require  
30 each university, as described in section 15-1601, to submit a plan for  
31 approval of the expenditure of monies in the appropriate fund. All monies in  
32 the fund shall only be used for academic scholarships. Each university shall

1 annually report to the ~~board of regents~~ GOVERNING BOARD OF THE UNIVERSITY the  
2 percentage of monies that was expended on behalf of minority applicants.

3 C. The ~~board of regents~~ GOVERNING BOARD OF THE UNIVERSITY may delegate  
4 to a state university foundation approved by each university, as described in  
5 section 15-1601, the right to market and promote the purchase of collegiate  
6 special plates. No dues, fees or charges except those specified in section  
7 28-2412 may be levied or collected by a state university foundation in  
8 connection with collegiate special plates.

9 D. The fund established in this section is exempt from section 35-190  
10 relating to lapsing of appropriations. At the direction of the GOVERNING  
11 board OF EACH UNIVERSITY the state treasurer may invest and divest inactive  
12 monies in the fund as provided by section 35-313. The state treasurer shall  
13 credit all interest earned on the fund monies to the fund.

14 Sec. 21. Section 15-1642, Arizona Revised Statutes, is amended to  
15 read:

16 15-1642. Financial aid trust fund; aid to students with  
17 verifiable financial need; endowment

18 A. The Arizona board of regents may establish a financial aid trust  
19 fund for the purposes of providing immediate aid to students with verifiable  
20 financial need, including students who are underrepresented in the population  
21 of university students or who by virtue of their special circumstances  
22 present unique needs for financial aid, and creating an endowment for future  
23 financial aid. Subject to the limitations provided in subsection B, paragraph  
24 3, the board may assess a surcharge upon registration fees paid by students  
25 for deposit in the fund.

26 B. The board shall adopt rules to govern the financial aid trust fund,  
27 including the following:

28 1. Twenty-five per cent of the monies received each year shall be  
29 placed in the trust fund as a permanent endowment. The remaining monies  
30 received shall be used for immediate aid for students with verifiable  
31 financial need. At least fifty per cent of the immediate aid monies shall be  
32 used for grant aid.



1           C. The ~~Arizona board of regents~~ GOVERNING BOARD OF THE UNIVERSITY OF  
2           ARIZONA shall appoint a governing board for each center consisting of not  
3           fewer than ten people and not more than twenty people. Board membership  
4           shall consist of health care providers and consumers and shall reflect the  
5           ethnic representation of the center's geographic area. Each governing board  
6           shall make recommendations to the director regarding health professionals'  
7           educational needs, local program priorities and the allocation of system  
8           monies. Board members are not eligible to receive compensation or  
9           reimbursement of expenses.

10           D. Each center shall conduct:

11           1. Physician and other health professional education programs that  
12           consist of any of the following:

13           (a) An undergraduate clinical training program.

14           (b) A graduate program.

15           (c) Postgraduate continuing education.

16           2. Programs to recruit and retain minority students in health  
17           professions.

18           3. Continuing education programs for health professionals.

19           E. The director shall submit a written report on or before November 15  
20           of each year to the governor, the president of the senate and the speaker of  
21           the house of representatives. The report shall contain the following:

22           1. The fiscal status of each center.

23           2. Information regarding center education, outreach and training  
24           programs.

25           3. Information regarding placement of health care personnel in areas  
26           the director determines are underserved by these professionals.

27           4. An assessment of system accomplishments.

28           5. Recommendations for possible legislative action.

29           F. The system shall provide expertise and administrative services to  
30           each center.

31           Sec. 23. Section 15-1643, Arizona Revised Statutes, is amended to  
32           read:

1           15-1643. Arizona area health education system; centers;  
2                                   governing boards; duties

3           A. The Arizona board of regents shall establish the Arizona area  
4 health education system in the college of medicine of the university of  
5 Arizona. The board shall appoint a system director.

6           B. The system shall consist of five area health education centers  
7 administered by the director of the Arizona area health education  
8 system. Each center shall represent a geographic area with specified  
9 populations that the system determines currently lack services by the health  
10 care professions.

11           C. The Arizona board of regents shall appoint a governing board for  
12 each center consisting of not fewer than ten people and not more than twenty  
13 people. Board membership shall consist of health care providers and  
14 consumers and shall reflect the ethnic representation of the center's  
15 geographic area. Each governing board shall make recommendations to the  
16 director regarding health professionals' educational needs, local program  
17 priorities and the allocation of system monies. Board members are not  
18 eligible to receive compensation or reimbursement of expenses.

19           D. Each center shall conduct:

20           1. Physician and other health professional education programs that  
21 consist of any of the following:

22           (a) An undergraduate clinical training program.

23           (b) A graduate program.

24           (c) Postgraduate continuing education.

25           2. Programs to recruit and retain minority students in health  
26 professions.

27           3. Continuing education programs for health professionals.

28           E. The director shall submit a written report on or before November 15  
29 of each year to the governor, the president of the senate and the speaker of  
30 the house of representatives. The report shall contain the following:

31           1. The fiscal status of each center.

1           2. Information regarding center education, outreach and training  
2 programs.

3           3. Information regarding placement of health care personnel in areas  
4 the director determines are underserved by these professionals.

5           4. An assessment of system accomplishments.

6           5. Recommendations for possible legislative action.

7           F. The system shall provide expertise and administrative services to  
8 each center.

9           Sec. 24. Section 15-1644, Arizona Revised Statutes, is amended to  
10 read:

11           15-1644. Statewide commission; membership; qualifications;  
12                                   duties; compensation; staffing

13           A. The ~~Arizona board of regents~~ GOVERNING BOARDS OF EACH UNIVERSITY  
14 shall JOINTLY appoint a statewide area health education centers commission  
15 consisting of not fewer than ten members and not more than twenty members who  
16 are knowledgeable about the delivery of health care in this state. Members  
17 of the commission shall advise the director on a regular basis on the  
18 management of the system and on the expenditure of monies appropriated for  
19 the system.

20           B. Commission members serve at the pleasure of the ~~Arizona board of~~  
21 ~~regents~~ GOVERNING BOARDS OF THE UNIVERSITIES and are not eligible to receive  
22 compensation or reimbursement of expenses.

23           C. The Arizona area health education system shall provide staffing for  
24 the commission.

25           Sec. 25. Section 15-1645, Arizona Revised Statutes, is amended to  
26 read:

27           15-1645. Health professions field scholarships; purpose;  
28                                   amount; repayment; definition

29           A. Each area health education center located in this state may grant  
30 and administer a scholarship in an amount of not more than eight thousand  
31 dollars for each student for each school year to at least two students who  
32 are residents of the center's geographic area and who are enrolled in a

1 health professions program at an Arizona university. The scholarship shall  
2 be used to defray educational expenses including room and board.

3 B. A scholarship shall be granted on the condition that the student  
4 contractually agree to practice in the center's geographic area for two years  
5 or one year of service for each year of scholarship support, whichever is  
6 longer, after completing post-graduation training. If the recipient  
7 withdraws from school, the recipient shall repay all scholarship monies  
8 within one year of the withdrawal. If the student is dismissed, an  
9 appropriate mechanism shall be negotiated to arrange repayment of the  
10 remaining unforgiven balance with eight per cent interest.

11 C. For good cause a center may extend the time period for training  
12 prior to scholarship repayment.

13 D. The ~~Arizona board of regents~~ GOVERNING BOARD OF THE UNIVERSITY  
14 shall waive all tuition and fees for students granted a scholarship under  
15 this section if the legislature appropriates funds for this purpose.

16 E. For the purposes of this section "health professions program" means  
17 enrollment in a school of medicine, nursing, pharmacy or physical therapy.

18 Sec. 26. Section 15-1646, Arizona Revised Statutes, is amended to  
19 read:

20 15-1646. Board of regents and university scholarships;  
21 notification requirements

22 The universities ~~under the jurisdiction of the Arizona board of regents~~  
23 shall establish policies that ensure fair and equitable access by Arizona  
24 students from public, private and charter schools and homeschools to  
25 scholarships, including tuition waivers, that are issued solely on the basis  
26 of academic merit and for which the universities establish and administer  
27 fair and equitable selection criteria. The universities ~~under the~~  
28 ~~jurisdiction of the Arizona board of regents~~ shall:

29 1. Annually report to the board and publish and disclose to the extent  
30 permitted by state and federal law the following information related to each  
31 merit based scholarship awarded to students from public, private and charter  
32 schools and homeschools by each university, for the prior academic year:

1 (a) The total number and dollar amount of awards and total number of  
2 applicants.

3 (b) The total number and dollar amount of awards and total number of  
4 applicants by type of student.

5 (c) The specific criteria used to award each scholarship, including  
6 average and range of SAT and ACT scores.

7 (d) The number of newly awarded scholarships and the number of renewed  
8 scholarships.

9 2. Notify students in this state of scholarship awards in a timely  
10 manner without regard to whether the students are from public, private or  
11 charter schools or homeschools.

12 Sec. 27. Section 15-1647, Arizona Revised Statutes, is amended to  
13 read:

14 15-1647. Distribution of licensing and patent income; Arizona  
15 state university; report

16 A. Notwithstanding any other law, Arizona state university shall  
17 distribute the gross or net income derived from the licensing and other  
18 revenues derived from patents including anticancer, antiviral, antifungal or  
19 antimicrobial drug discoveries or inventions, including up-front payments,  
20 royalties and any other subsequent or eventual revenue attributable to  
21 commercialization.

22 B. The distribution of income received pursuant to subsection A shall  
23 be detailed by Arizona state university in an audited annual report. Arizona  
24 state university shall specify the expenditures and actual expenses in the  
25 audited annual report. The report shall be distributed annually to the  
26 president of the Arizona board of regents, the governor, the president of the  
27 senate, the speaker of the house of representatives, the secretary of state  
28 and the department of library, archives and public records.

29 Sec. 28. Section 15-1648, Arizona Revised Statutes, is amended to  
30 read:

31 15-1648. Technology and research initiative fund; purpose

1           A. The technology and research initiative fund is established  
2 consisting of revenues transferred to the fund pursuant to section 42-5029,  
3 subsection E, paragraph 2. The ~~Arizona board of regents~~ GOVERNING BOARDS OF  
4 EACH UNIVERSITY shall JOINTLY administer the fund. The monies in the fund  
5 are continuously appropriated to the ~~Arizona board of regents~~ GOVERNING  
6 BOARDS OF EACH UNIVERSITY for distribution pursuant to this section and are  
7 exempt from the provisions of section 35-190 relating to lapsing of  
8 appropriations.

9           B. The ~~board~~ GOVERNING BOARDS OF EACH UNIVERSITY shall JOINTLY adopt  
10 rules to administer the technology and research initiative fund in accordance  
11 with this section. The ~~board~~ GOVERNING BOARDS OF EACH UNIVERSITY may JOINTLY  
12 allocate up to twenty per cent of the monies in the fund to be used for  
13 capital projects relating to new economy initiatives, including debt service,  
14 for the universities ~~under its jurisdiction~~, pursuant to chapter 13, article  
15 5 of this title.

16           C. The ~~Arizona board of regents~~ GOVERNING BOARDS OF EACH UNIVERSITY  
17 shall receive requests from the individual universities and shall JOINTLY  
18 determine the amount and duration of each award. The criteria for the  
19 evaluation of each request shall be as follows:

20           1. The award must be related to one of the following:

21           (a) A specific academic or research field.

22           (b) Designed to expand access to baccalaureate or post-baccalaureate  
23 education for time-bound and place-bound students.

24           (c) To implement recommendations of the Arizona partnership for the  
25 new economy or the governor's task force on higher education.

26           2. The award may be used to develop new and existing programs that  
27 will prepare students to contribute in high technology industries located in  
28 this state.

29           3. The award may be used in conjunction with matching financial  
30 assistance from private industry.



1 any criminal offense. A university that is considering terminating an  
2 employee pursuant to this subsection shall provide due process to the  
3 employee in accordance with policies adopted by the ~~Arizona board of regents~~  
4 GOVERNING BOARD OF THE UNIVERSITY and the university before taking  
5 disciplinary action.

6 C. A university that relies on information obtained pursuant to this  
7 section in making employment decisions is immune from civil liability for use  
8 of the information unless the information obtained is false and the  
9 university knows the information is false or acts with reckless disregard of  
10 the information's truth or falsity.

11 D. A security or safety-sensitive position shall be identified as a  
12 security or safety-sensitive position in the job description and in any  
13 advertisements for the position.

14 E. For the purposes of this section:

15 1. "Finalist" means any person in the group of individuals actually  
16 submitted to the hiring official for selection as a new hire or any employee  
17 of a university who seeks a transfer, a reclassification or a reassignment to  
18 a security or safety-sensitive position.

19 2. "Security or safety-sensitive position" means any position  
20 designated as a security or safety-sensitive position by a university due to  
21 applicable federal or state law or pursuant to rules or policies adopted by  
22 the ~~Arizona board of regents~~ GOVERNING BOARD OF THE UNIVERSITY or the  
23 university.

24 Sec. 30. Section 15-1650, Arizona Revised Statutes, is amended to  
25 read:

26 15-1650. Annual financial aid report

27 A. On or before December 1 of each year, the ~~Arizona board of regents~~  
28 GOVERNING BOARDS OF EACH UNIVERSITY shall JOINTLY submit to the governor, the  
29 president of the senate, the speaker of the house of representatives and the  
30 joint legislative budget committee a financial aid report with information  
31 from the two prior fiscal years. The report shall provide information for  
32 each ~~institution under the jurisdiction of the board~~ UNIVERSITY, a comparison

1 to peer institutions, and summary information for the entire university  
2 system.

3 B. The report shall separately delineate both full-time resident  
4 undergraduate and full-time resident graduate students.

5 C. For each group identified in subsection B, the annual financial aid  
6 report shall detail the following:

7 1. Cost of attendance, delineated by tuition rates, mandatory fees,  
8 room and board charges, book purchases and travel and related personal  
9 expenses.

10 2. Expected family contribution.

11 3. Gift aid, delineated by source type. Source types include federal,  
12 state, institutional and private.

13 4. Loans, delineated by subsidized amounts, unsubsidized amounts and  
14 amounts loaned to the parents of students.

15 5. Employment, delineated by program type. Program types include  
16 federal work-study, institutional work-study, graduate assistantships and  
17 outside work.

18 D. The ~~Arizona board of regents~~ GOVERNING BOARDS OF EACH UNIVERSITY  
19 and the staff of the joint legislative budget committee shall jointly  
20 determine the methodology and format of the report.

21 Sec. 31. Section 15-1650.02, Arizona Revised Statutes, is amended to  
22 read:

23 15-1650.02. Energy and water savings accounts

24 The ~~Arizona board of regents~~ GOVERNING BOARD OF EACH UNIVERSITY may  
25 establish an energy and water savings account in the same manner as a school  
26 district pursuant to section 15-910.02 and may fund and use monies for  
27 guaranteed energy savings contracts pursuant to section 34-105."

28 Renumber to conform

29 Page 8, after line 42, insert:

30 "Sec. 34. Succession

31 A. On the effective date of this act, except for the authority,  
32 powers, duties and responsibilities specifically retained by the Arizona

1 board of regents pursuant to section 15-1625, Arizona Revised Statutes, as  
2 amended by this act, the governing boards of each university succeeds to the  
3 authority, powers, duties and responsibilities of the Arizona board of  
4 regents for any matter or action that occurs on or effects that university's  
5 campus or campuses, including the authority, powers, duties and  
6 responsibilities concerning federal monies that are allocated to the  
7 university.

8 B. This act does not alter the effect of any actions that were taken  
9 or impair the valid obligations of the Arizona board of regents in existence  
10 before January 1, 2017.

11 C. Administrative rules and orders that were adopted by the Arizona  
12 board of regents continue in effect until superseded by administrative action  
13 by the governing board of each university.

14 D. All administrative matters, contracts and judicial and quasi  
15 judicial actions, whether completed, pending or in process, of the Arizona  
16 board of regents on January 1, 2017 are transferred to and retain the same  
17 status with the governing board of each university.

18 E. All certificates, licenses, registrations, permits and other  
19 indicia of qualification and authority that were issued by the Arizona board  
20 of regents retain their validity for the duration of their terms of validity  
21 as provided by law.

22 F. All data and investigative findings and all appropriated monies  
23 that remain unexpended and unencumbered on January 1, 2017 of the Arizona  
24 board of regents are transferred to the governing board of each university.

25 G. Title to all real and personal property that is owned by the  
26 Arizona board of regents on the effective date of this act is transferred to  
27 the university for which use or benefit the property was originally obtained,  
28 or, if the property was acquired for the use or benefit of all three  
29 universities, that property shall be transferred and allocated in an  
30 equitable or proportionate manner between the three universities.

31 Sec. 35. Effective date

32 This act is effective from and after December 31, 2016.

1           Sec. 36. Conforming legislation  
2           The legislative council staff shall prepare proposed legislation  
3           conforming the Arizona Revised Statutes to the provisions of this act for  
4           consideration in the fifty-third legislature, first regular session."  
5 Renumber to conform  
6 Amend title to conform

DAVID W. STEVENS

2706ds.doc  
04/27/2016  
07:26 PM  
C: tdb