

COMMITTEE ON APPROPRIATIONS

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HB 2123 (Chapter 289): corporation commission; conflict of interest

Stipulates that state law pertaining to conflict of interest applies to Commissioners and employees of the Arizona Corporation Commission (ACC). Modifies the definition of *remote interest* and *substantial interest* within the conflict of interest statutes. Allows, beginning January 1, 2017, the ACC to charge a fee to any entity for information entered into a database. Effective: August 6, 2016.

Click [here](#) for the bill history.

HB 2468/SB 1143 (Chapter 1): internet crimes against children; appropriation

Appropriates \$1.8 million from the Internet Crimes Against Children (ICAC) Enforcement Fund to the Attorney General in Fiscal Year (FY) 2016 for the purpose of entering into one or more intergovernmental agreements to continue the operation of the federally recognized ICAC Task Force Program. The appropriation is exempt from lapsing. Effective: February 10, 2016.

Click [here](#) for the bill history.

HB 2483 (Chapter 258): municipal population estimates; use

Permits a county to submit a population estimate approved by the Office of Employment and Population Statistics, in lieu of a special census, before May 1 of the sixth year after a federal decennial census (census) for state shared tax revenue distributions.

Requires the most recent population estimates of the US Bureau of the Census to be used annually for distribution of state shared tax revenues to municipalities beginning July 1 in the second year following the census through June 30 of the year following the next census. Allows, during the fifth year after the census, a municipality to elect to use either the results of a special census or the most recent population estimates from the US Bureau of the Census as the basis for the apportionment of Highway User Revenue Fund and transaction privilege tax revenue monies. Effective: May 17, 2016.

Click [here](#) for the bill history.

HB 2485 (Chapter 45): appropriations; named claimants

Appropriates \$27,796.26 from the state General Fund to the Arizona Department of Administration to pay claims against various state agencies. Effective: June 1, 2016.

Click [here](#) for the bill history.

HB 2486 (Chapter 259): telecommunications utilities; relocation; reimbursement

Requires, to the fullest extent allowed by law, a municipality to reimburse a telecommunications utility for facility relocation costs incurred on facilities located within the municipal boundaries if: 1) any construction project in the municipality is undertaken individually or jointly by an intergovernmental contract, 2) the contract is funded in whole or in part by voter-approved municipal bond proceeds, and 3) the construction project requires the telecommunications utility to adjust or relocate the facilities. Outlines reimbursement procedure and amounts. Effective: August 6, 2016.

Click [here](#) for the bill history.

HB 2599 (Chapter 302): AHCCCS; provider participation; exclusions

Requires the Arizona Health Care Cost Containment System (AHCCCS) to exclude any individual or entity that meets any basis for mandatory exclusion described in federal law from participating in the system. Allows AHCCCS, in its sole discretion, to exclude any individual or entity that meets specific, outlined criteria from participation in the system. Requires the AHCCCS Director to adopt rules that prescribe procedures for determining the length of exclusion, appealing the exclusion determination and requesting reinstatement. Effective: August 6, 2016.

Click [here](#) for the bill history.

HB 2695/SB 1526 (Chapter 117): general appropriations; 2016-2017

Makes state General Fund (GF) and Other Fund (OF) appropriations and transfers for Fiscal Year (FY) 2017 for the operation of state government and makes various budget revisions and supplemental appropriations for FY 2016.

The tables below indicate GF and OF changes to the baseline for each appropriated state agency for FY 2017:

Summary of Changes	Fund Source	Comments	FY 2017 Changes
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Arizona Department of Administration (ADOA)			
Procurement Funding	GF		500,000
Accounting System Operating Costs	GF		500,000

- States legislative intent that ADOA not replace vehicles until they have an average of 80,000 miles or more.

Arizona Health Care Cost Containment System (AHCCCS)			
Formula Adjustments	GF		(50,900,000)
Arizona Long Term Care System (ALTCS) Adult Dental	GF		1,400,000
Behavioral Health Services Administrative Savings	GF		(500,000)

- Requires AHCCCS to transfer \$1,200,000 from the non-Medicaid seriously mentally ill services line item for FY 2017 to the Department of Health Services (DHS) for the costs of prescription medications for persons with a serious mental illness at the Arizona State Hospital (ASH).

Attorney General (AG)			
Post Conviction Fund Shift	GF		800,000

Department of Child Safety (DCS)			
Preventative Services	GF		5,000,000
Remove One-Time Backlog Reduction Funding	GF		8,400,000

Permanency Growth	GF		6,400,000
Emergency and Residential Placement	GF		8,000,000
Foster Care Growth	GF		2,000,000
Out of Home Support Services Growth	GF		12,500,000
Child Care Growth	GF		2,000,000
AG Shortfall	GF		1,900,000
Attorneys	GF		3,100,000
Central Administration	GF		6,700,000
Case Aides	GF		2,500,000
Backlog Privatization	GF		2,700,000
Non-GF Solutions	GF		(25,000,000)

- Prohibits the transfer of appropriated amounts for any line item to another line item or the operating budget unless the transfer is reviewed by JLBC.
- Revises the quarterly benchmark report to include: 1) the caseload standard, 2) a new backlog benchmark of under 1,000 cases as of June 30, 2017 and thereafter, and 3) a new backlog benchmark to reduce the number of children in out-of-home care by an average of an additional 2% every quarter with respect to the out-of-home care population as of December 31, 2016, equaling a cumulative reduction of 11.4% by July 1, 2018 with a population below 17,500.
- Requires JLBC to inform the General Accounting Office (GAO) of ADOA if DCS has not submitted the quarterly report within 30 days after the last day of the calendar quarter. Requires GAO to withhold 2% of DCS' operating lump sum quarterly budget allocation until the report is submitted.
- Outlines intent and job type for some of the new 60 FTEs for central administrative staff: 16 FTEs for the office of contracts, 10 FTEs for finance and accounting, and 10 FTEs for the office of procurement. Requires DCS to submit a report of the proposed hiring plan by September 30, 2016 for JLBC review.

Arizona Department of Corrections (ADC)

Inmate Healthcare	OF		COP Savings
Re-Entry Planner	GF		100,000

Department of Economic Security (DES)

Developmental Disabilities (DD) 1% Provider Rate Increase	GF		3,000,000
ALTCS Adult Dental	GF		1,200,000
Vocational Rehabilitation	GF		2,000,000
Domestic Violence Shelters	OF	One-Time	1,500,000

Arizona Department of Education (ADE)

Formula	GF		(24,600,000)
Joint Technical Education District (JTED) Funding/Reforms	GF		29,000,000
Small School Weight	GF		1,200,000
Tribal Dual Enrollment	OF		90,000
District-Sponsored Charter Schools	GF	One-Time	1,148,000
Geographic Literacy	GF	One-Time	100,000
Empowerment Scholarship Account (ESA) Fund Spending Authority	OF		400,000

- Stipulates that the amount appropriated to ADE's operating budget includes \$500,000 for technical assistance and state level administration of the K-3 Reading Program.
- Allows, after JLBC review, ADE to use a portion of its FY 2017 GF appropriations for Basic State Aid or Additional State Aid to fund a shortfall in funding for Basic State Aid or Additional State Aid that occurred in FY 2016.
- Stipulates that the appropriation for former district-sponsored charter schools for FY 2017 consists of one-time monies to provide additional Base Support Level (BSL) funding on a one-time basis to school districts that operated district-sponsored charter schools in FY 2016 and that qualify for state aid in FY 2017.

Department of Emergency and Military Affairs (DEMA)

State Match for Army/Air Guard Facilities	GF		1,500,000
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Department of Environmental Quality (DEQ)

Water Quality Assurance Revolving Fund (WQARF) Fund Shift	GF		(4,200,000)
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Department of Financial Institutions

- Specifies that of the amount appropriated from the GF, the sum of \$817,200 reverts to the GF if the Board of Appraisal Fund is not repealed in the Fifty-Second Legislature, Second Regular Session.

Department of Fire, Building and Life Safety (FBLS)

Consolidation with State Forester, Department of Housing, and State Real Estate Department	GF		(2,200,000)
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State Forester

FBLs Consolidation (State Fire Marshal)	GF		750,000
State Fire School	GF		170,000
Risk Management Increase	GF		100,000
Fire Management Software	GF	One-Time	100,000
Inmate Fire Crew Carriers	GF	One-Time	200,000

Wildland Fire Engines	GF	One-Time	100,000
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Arizona Game and Fish Department

- Stipulates that the operating lump sum appropriation includes \$795,000 from the Game and Fish Fund to increase the minimum salary for a full year by at least \$8,700 for the following positions: wildlife manager, wildlife manager 2, wildlife manager 3, wildlife manager field supervisor, law enforcement specialist 2, law enforcement specialist 3 and law enforcement program manager.

Geological Survey

Consolidation with the University of Arizona	GF		(900,000)
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Department of Health Services (DHS)

Additional Security Officers and Nurses for ASH	GF		1,500,000
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Department of Housing

FBLS Consolidation (Board of Manufactured Housing)	GF		800,000
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Judiciary

Dependency Caseload	GF		3,000,000
Adult Standard Probation Growth	GF		1,601,000
Two New Justices Funding	GF		500,000
1.5% Judicial Pay Raise	GF		100,000
WAAS Upgrade	GF		950,000
CORP Adjustment	GF		947,700

- Outlines amounts allocated to the first year of a two-year phase-in for a 3% total pay raise for Supreme Court, Court of Appeals and superior court justices.
- Stipulates that the operating lump sum appropriation for the Supreme Court includes \$500,000 and two FTEs for the creation of two new Supreme Court justices.

Department of Juvenile Corrections (DJC)

Lower Population and County Savings	GF		(1,500,000)
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State Land Department

Central Arizona Project Fees	GF		32,000
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Legislature - Senate

Additional Funding	GF		1,250,000
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Department of Public Safety (DPS)			
Border Security	GF		8,000,000
Pay Raise (3% All Sworn and Highway Patrol Civilian)	GF		4,600,000
Civil Air Patrol	GF		200,000

State Real Estate Department			
FBLs Consolidation	GF		18,000

School Facilities Board (SFB)			
Create Public School Credit Enhancement Program		Shifts Existing Funds	(21,500,000)
New School Facilities	GF		23,100,000

- Reverts \$16,705,000 to the GF if, after reviewing revised enrollment projections for a union high school district project approved by March 1, 2016, the SFB determines the awarded project is no longer required. Allows the SFB to adjust the amount reverted to deduct any monies that were spent for specified costs before the SFB determined that the awarded project is no longer required.

State Board of Technical Registration (BTR)			
E-Licensing and Case Management IT Project		OF	800,000

Universities – Arizona State University (ASU) – Tempe and Downtown Phoenix			
Freedom School	GF		3,000,000

- Requires the appropriated amount for the School of Civic and Economic Thought and Leadership be used by the president of ASU to establish a School of Civic and Economic Thought and Leadership consisting of the former Center for Political Thought and Leadership and the Center for the Study of Economic Liberty.

Universities – University of Arizona (UA) – Main			
Freedom School	GF		2,000,000

FY 2016 SUPPLEMENTAL APPROPRIATIONS AND ADJUSTMENTS

2016 GF and OF Changes		
ADOA – Federal Government Disallowed Costs – Risk Management	OF	3,614,100
ADOA – Reimburse Federal Transfers – Special Employee Health Insurance Trust Fund	OF	6,167,600
Office of Administrative Hearings – Healthcare Group Fund	OF	(12,300)
AHCCCS – Prescription Drug Rebate Fund – State	OF	22,100,000
AHCCCS – Tobacco Products Tax Fund – Emergency Health Services	OF	830,800

Account		
AHCCCS – Tobacco Products Tax Fund – Medically Needy Account	OF	3,318,500
DCS – Backlog Privatization (non-lapsing until June 30, 2017)	GF	2,700,000
DCS – General Operations or Contracted Services – Federal TANF Block Grant	OF	17,123,600
DCS – Child Safety Expenditure Authority	OF	21,418,500
DCS – Lump Sum	GF	32,264,600
DCS – Litigation Expenses – Risk Management Revolving Fund (non-lapsing until June 30, 2017)	OF	2,867,600
ADC – Inmate Health Care Contracted Services Line Item	GF	5,200,000
DES – Home and Community Based Services Medicaid Line Item	GF	6,752,300
DES – Home and Community Based Services Medicaid Line Item – Long-Term Care Fund Expenditure Authority	OF	14,893,200
DES – TANF Cash Benefits Line – TANF Block Grant	OF	(9,905,000)
ADE – Professional Development Courses – ADE Professional Development Revolving Fund	OF	2,700,000
ADE – Tribal College Dual Enrollment Program – Tribal College Dual Enrollment Program Fund	OF	160,000
DEMA – Service Contracts (non-lapsing until December 31, 2016)	GF	746,700
Forester – Risk Management Premium Payment	GF	146,700
Game and Fish – PSPRS Increase (non-lapsing until June 30, 2017)	OF	1,752,000
DHS – Medicaid Behavioral Health Capitation Payments – Tobacco Tax and Health Care Fund – Medically Needy Account	OF	9,235,300
DHS – Medicaid Behavioral Health Capitation Payments – Prescription Drug Rebate Fund	OF	8,824,500
DHS – Medicaid Behavioral Health Capitation Payments – Federal Medicaid Authority	OF	112,373,300
SFB – Building Renewal Grants	GF	15,000,000
SFB – New School Facilities Debt Service Line Item	GF	(1,278,700)
SOS – Reimbursing Presidential Preference Election (PPE) Costs	GF	6,130,000
ABOR – Health Care Adjustments	GF	4,076,000
Department of Veterans’ Services – Increased Dietary Service Costs – State Home for Veterans Trust Fund	OF	278,000

Increases the sum of \$539,311,600 from the AHCCCS appropriation from the expenditure authority in FY 2016.

Requires the SOS to reimburse counties for the PPE based on the number of active voters in that county on January 1, 2016.

Divides the FY 2016 GF supplemental appropriation to ABOR for health care adjustments as follows:

1. ASU – Tempe and Downtown Phoenix Campuses - \$1,895,000
2. ASU – East Campus - \$182,700
3. ASU – West Campus - \$205,500

4. Northern Arizona University (NAU) - \$40,200
5. UA – Main Campus - \$1,330,700
6. UA – Health Sciences Center - \$421,900

Eliminates the following university payment deferrals, totaling \$200,000,000, through one-time FY 2016 GF appropriations:

University Payment Deferral Elimination	
ASU – Tempe and Downtown Phoenix Campuses	74,760,400
ASU – East Campus	5,750,200
ASU – West Campus	10,064,800
Northern Arizona University	30,494,800
UA – Main Campus	62,153,100
UA – Health Sciences Center	16,776,700

Eliminates the following FY 2016 state agency payment deferrals by appropriating the following amounts in FY 2016:

Agency Payment Deferral Elimination	
DCS	11,000,000
DES	21,000,000

Reduces the FY 2017 transfer from the Special Employee Health Insurance Trust Fund (HITF) to the GF from \$100,000,000 to \$78,900,000. The transfer, part of the FY 2016 General Appropriations Act, is to provide adequate support and maintenance for state agencies.

ADDITIONAL FY 2017 APPROPRIATIONS AND ADJUSTMENTS

Appropriates \$5,500,500 from the GF in FY 2017 to ADOA for distribution to counties for maintenance of essential county services. Requires ADOA to allocate the monies equally among all counties with a population of less than 200,000 persons. Appropriates \$500,000 from the GF in FY 2017 to ADOA for distribution to a county with a population between 30,000 and 40,000 persons (Graham) for maintenance of essential county services.

Appropriates \$8,000,000 from the GF in FY 2017 to ADOA for a one-time distribution to counties for maintenance of essential county services. Allocates the amount based in each county’s proportional share of the aggregate state population according to the 2010 US decennial census:

County Proportional Share	
Apache	89,500
Cochise	164,400
Coconino	168,300
Gila	67,100
Graham	46,600
Greenlee	10,500
La Paz	25,700

Maricopa	4,777,300
Mohave	250,500
Navajo	134,500
Pima	1,226,900
Pinal	470,300
Santa Cruz	59,300
Yavapai	264,100
Yuma	245,000

Automation Projects

Appropriates the following amounts, including 15 FTEs, to ADOA in FY 2017 from the Automation Projects Fund (APF) for the following automation and information technology (IT) projects:

1. \$1,050,000 for enhancing enterprise architecture.
2. \$1,500,000 for project management of statewide automation and IT projects.
3. \$1,300,000 for projects related to e-government.
4. \$5,700,000 for improving and maintaining the network and security infrastructure.
5. \$3,248,400 for enhancing statewide data security.

Makes the following appropriations to ADOA from the APF in FY 2017 for the following automation and IT projects:

1. \$800,000 for a third-party IT consolidation assessment that assesses the implementation, transfer, coordination and modernization of state agencies' IT systems.
2. \$8,000,000 for implementing upgrades to the Adult Information Management System (AIMS) operated by ADC.
3. \$4,581,600 for implementing upgrades to the Children's Information Library and Data Source (CHILDS) operated by DCS.
4. \$7,300,000 for implementing, upgrading and maintaining the Student Longitudinal Data System (SLDS) and the Education Learning and Accountability System (ELAS).
5. \$1,294,700 for implementing IT projects that comply with state and federal security IT standards determined by DES.
6. \$1,000,000 for a feasibility study to replace the tax accounting system at DOR.

Appropriates \$12,000,000 from the APF in FY 2017 to ADOA for the replacement of the state's e-procurement system, to be distributed proportionately among other funds.

Appropriates \$3,000,000 from the GF in FY 2017 for deposit into the APF.

Appropriates \$9,000,000 from other funds in FY 2017 for deposit into the APF.

Arts

Appropriates \$1,500,000 from monies earned from investments in the BSF in FY 2017 to the Arts Trust Fund.

AG

Appropriates \$500,000 from the Consumer Protection - Consumer Fraud Revolving Fund in FY 2017 to the AG for general operating costs.

Arizona Commerce Authority (ACA)

Allocates \$21,500,000 of GF withholding tax revenue in FY 2017 to the ACA, of which \$10,000,000 is credited to the ACA Fund and \$11,500,000 to the Arizona Competes Fund. Appropriates \$300,000 from the GF in FY 2017 to the ACA to operate a trade office in Mexico City.

Arizona Corporation Commission (ACC)

Appropriates \$2,000,000 in one-time funding from the GF in FY 2017 to the ACC for replacing the Corporations Division database system. Exempts the appropriation from lapsing until June 30, 2018.

DES

Appropriates \$50,000 from the GF in FY 2017 to DES for a one-time allocation to a facility that has a capacity of at least 100 beds and that provides crisis response and transitional housing services to assist victims of domestic violence in Maricopa County.

Appropriates \$50,000 from the GF in FY 2017 to DES for a one-time allocation to a victim center that provides a crisis response team to assist victims of domestic violence, child abuse, adult sexual assault and elder abuse in Yuma County.

Appropriates \$700,000 in one-time funding from the Health Services Lottery Monies Fund in FY 2017 to DES for area agencies on aging.

Appropriates the following one-time amounts from the Special Administration Fund to DES:

1. \$600,000 for room and board in state-funded long-term care services.
2. \$2,000,000 for caseload growth in Adult Protective Services.

ADE

Appropriates \$31,000,000 from the GF in FY 2017 to ADE for current-year funding backfill. Stipulates that the appropriation consists of one-time monies to backfill the loss of BSL state aid for FY 2017 that school districts with declining student counts would otherwise experience in FY 2017 due to the implementation of current-year BSL funding.

DHS

Appropriates \$1,000,000 from the Tobacco Tax and Health Care Fund – Health Research Account in FY 2017 to DHS for a one-time allocation for Alzheimer’s disease research.

Judiciary

Requires judicial salaries for Supreme Court justices, court of appeals judges and superior court judges be increased by 1.5% on January 1, 2017, and increased an additional 1.5% on January 1, 2018. Requires the salaries to be increased only if the number of Supreme Court justices is increased from five to seven justices in FY 2017.

Appropriates \$250,000 from the Health Services Lottery Monies Fund in FY 2017 to the AOC for distribution to the Maricopa County Attorney’s Office for the administration of a felony pretrial intervention program.

Arizona State Parks

Appropriates \$1,500,000 from the State Parks Revenue Fund in FY 2017 to the Arizona State Parks Board (Board) for operating costs. Appropriates \$150,000 from the State Parks Revenue Fund in FY 2017 to the Arizona Trail Fund.

Legislative Council

Appropriates \$250,000 from the Telecommunication Fund for the Deaf in FY 2017 to Legislative Council for the purpose of installing looping hearing aid service systems in the House of Representatives and Senate buildings. Exempts the appropriation from lapsing.

Arizona Parents Commission on Drug Education and Prevention (Commission)

Appropriates \$300,000 from the Drug Treatment and Education Fund in FY 2017 to the Commission for a prevention education program for middle and high school students.

ABOR

Appropriates \$19,000,000 from the GF in FY 2017 to ABOR for distribution for capital improvements or operating expenditures in the following amounts:

1. ASU - \$7,000,000
2. NAU - \$4,000,000
3. UA - \$8,000,000

Water Infrastructure Finance Authority (WIFA)

Appropriates \$500,000 in one-time funding from the GF in FY 2017 to the Small Water Systems Fund for emergency grants to interim operators of small water systems. Exempts the appropriation from lapsing.

Department of Water Resources

Appropriates \$250,000 from the GF in FY 2017 to the Water Protection Fund.

FY 2018 APPROPRIATIONS

Appropriates \$23,078,600 from the GF in FY 2018 for a one-time deposit into the New School Facilities Fund. Directs the SFB to use the monies only for facilities that will be constructed for school districts that received final approval from the SFB by March 1, 2016. Reverts \$16,705,000 to the GF if, after reviewing revised enrollment projections for a union high school district project approved by March 1, 2016, the SFB determines the awarded project is no longer required.

DEBT SERVICE PAYMENTS

Appropriates \$60,105,600 from the GF in FY 2017 to ADOA for the debt service payments on the sale and lease-back of state buildings authorized by Laws 2009, Third Special Session, Chapter 6. Appropriates \$24,011,800 from the GF in FY 2017 to ADOA for the debt service payment on the sale and lease back of state buildings authorized by Laws 2010, Sixth Special Session, Chapter 4.

Allocates \$20,449,000 of GF revenue in FY 2017 to the Arizona Convention Center Development Fund.

FUND TRANSFERS

Transfers, by June 30, 2017, the following amounts from the following sources to the GF for the purposes of providing adequate support and maintenance for state agencies:

1. \$300,000 from the Alternative Dispute Resolution Fund (Judiciary – Supreme Court).
2. \$300,000 from the Arizona Lengthy Trial Fund (Judiciary – Supreme Court).
3. \$500,000 from the Court Appointed Special Advocate Fund (Judiciary – Supreme Court).
4. \$250,000 from the Drug Treatment Education Fund (Judiciary – Superior Court).

5. \$3,650,000 from the Juvenile Probation Services Fund (Judiciary – Superior Court).
6. \$461,600 from the Automation Operations Fund (ADOA).

Transfers, by June 30, 2018, the following amounts from the following sources to the GF for the purpose of providing adequate support and maintenance for state agencies:

1. \$300,000 from the Alternative Dispute Resolution Fund (Judiciary – Supreme Court).
2. \$200,000 from the Arizona Lengthy Trial Fund (Judiciary – Supreme Court).
3. \$400,000 from the Court Appointed Special Advocate Fund (Judiciary – Supreme Court).
4. \$250,000 from the Drug Treatment Education Fund (Judiciary – Superior Court).
5. \$1,850,000 from the Juvenile Probation Services Fund (Judiciary – Superior Court).

Transfers \$4,076,000 from the Special Employee Health Insurance Trust Fund to the GF after July 1, 2015 but by June 30, 2016 to provide adequate support and maintenance for agencies of this state.

Appropriates \$11,881,600 from the GF in FY 2017 to the APF.

Transfers the following amounts in FY 2017 to the APF from the following sources:

1. Any remaining balances as of June 30, 2016 from fees collected from universities and community college districts in the Education Learning and Accountability Fund.
2. \$7,420,600 from the Automation Operations Fund.
3. \$5,650,000 from the State Web Portal Fund.
4. \$527,800 from the IT Fund.
5. \$1,000,000 from the Arizona Correctional Industries Revolving Fund.
6. \$1,000,000 from the Inmate Store Proceeds Fund.
7. \$4,000,000 from the Special Services Fund.
8. \$1,000,000 from the State Charitable, Penal and Reformatory Institutions Land Fund.
9. \$1,000,000 from the Penitentiary Land Fund.
10. \$1,294,700 from the Special Administration Fund.
11. \$1,000,000 from the Liability Setoff Program Revolving Fund.

Transfers \$1,100,000 from the Motor Vehicle Liability Insurance Enforcement Fund to the Safety Enforcement and Transportation Infrastructure Fund by June 30, 2017.

Transfers the following amounts in FY 2017 to the Corrections Fund from the following sources for the purpose of purchasing replacement radios:

1. \$1,000,000 from the Inmate Store Proceeds Fund.
2. \$500,000 from the State Department of Corrections Revolving Fund.
3. \$500,000 from the State Charitable, Penal and Reformatory Institutions Land Fund.
4. \$400,000 from the Special Services Fund.
5. \$400,000 from the Penitentiary Land Fund.

Transfers \$2,400,000 from the Health Services Lottery Monies Fund to the ASH Fund by June 30, 2016.

PAYMENT DEFERRALS

ADE

Defers \$930,727,700 in Basic State Aid (BSA) and Additional State Aid (ASIA) payments made to ADE in FY 2017 to until after July 1, 2017, but no later than July 12, 2017. Excludes charter schools and school districts with a student count of less than 600 pupils from the deferral.

STATEWIDE OPERATING ADJUSTMENTS

Area of Adjustment	GF	OF	Total
AFIS Collections	461,600	521,600	983,200
Employer Health Insurance Contribution Rate	(8,047,400)	(8,561,500)	(16,608,900)
Agency Relocation	0	576,800	576,800

Effective: May 10, 2016.

Click [here](#) for the bill history. Click [here](#) for JLBC analysis.

HB 2697/SB 1528 (Chapter 118): bonus depreciation; budget reconciliation; 2016-2017.

Increases the bonus depreciation amount that a taxpayer may deduct from Arizona Gross Income from 10% to 55% of the federal allowance in TY 2016 and from 55% to 100% in TY 2017 and subsequent years. Effective: August 6, 2016.

Click [here](#) for the bill history.

HB 2701/SB 1532 (Chapter 119): criminal justice; budget reconciliation; 2016-2017.

Makes statutory and session law changes related to criminal justice agencies and programs to implement the fiscal year (FY) 2017 budget. Requires ADC to notify the Joint Legislative Capital Review Committee (JCCR) by 11/30/2016 if the male inmate population increases by at least 1,000 inmates above the April 22, 2016 count of 38,762. Requires ADC, after JCCR approval, to award a contract or contracts for 1,000 medium-security male beds for a total of 1,000 beds at new or existing contracted bed facilities or expansions of contracted facilities. Authorization ceases if the trigger notice is not provided by November 30, 2016 and JCCR review and approval does not occur before January 1, 2017. Requires ADC to award a contract for the first 250 of the 1,000 beds to a county with a population of less than 200,000 persons, if the specified requirements are met. Allows the Arizona Department of Administration (ADOA) in coordination with ADC to enter into a financing agreement in FY 2017 to generate a savings of at least \$25 million on the cost of housing prisoners from FY 2017-FY 2025. Additionally, the ADC Director may require, as a condition of release to community supervision, a prisoner to apply for health benefits through the Arizona Health Care Cost Containment System (AHCCCS) and ADC may share prisoner health care information with both AHCCCS and the regional behavioral health authority to facilitate the transition of care for released prisoners. Makes several changes to the eligibility requirements for the Prisoner Transition Program (Program), requires ADC to provide additional information to inmates about Program eligibility and requires recidivism data to include data on prisoners who have been released for at least three years. Makes existing funds available to the Arizona Department of Public Safety for increased employer contributions to the Public Safety Personnel Retirement Plan, virtual training of officers and costs associated with the Border Strike Task Force. Establishes the Study Committee on Incompetent, Nonrestorable and Dangerous Defendants (Committee) to research and make recommendations for a program to provide long-term treatment and supervisions of persons who are charged with crimes involving violent or dangerous behavior and who have been found incompetent and nonrestorable. Continues several provisions from previous budget years. Effective: August 6, 2016, however, appropriations are effective on signature of the

Governor, May 10, 2016.

Click [here](#) for the bill history.

SB 2702/SB 1533 (Chapter 120): environment; budget reconciliation; 2016-2017.

Instructs the State Treasurer to invest and divest monies in the Underground Storage Tank Fund; includes provisions appropriating \$9,948,600 to the WQARF; requires a fee reduction for vehicle emissions inspections in the Phoenix metropolitan area; removes a requirement for distributed generation system applicants to follow interconnection standards; repeals statutory changes made in the FY 16 budget that would have established a new Trust Land Administration Fund upon voter approval at the 2016 general election; and continues budget reconciliation provisions contained in the FY 16 budget. Effective: August 6, 2016.

Click [here](#) for the bill history.

HB 2703/SB 1534 (Chapter 121): government; budget reconciliation; 2016-2017.

Establishes the Emergency Management Assistance Compact Revolving Fund to incur expenses and receive reimbursement for assistance provided to Compact states, appropriates \$300,000 from the state GF in FY 2016 and reduces Governor's Emergency Fund by the same amount. Creates the ADOT Subaccount and the DPS Subaccount within the Safety Enforcement and Transportation Infrastructure Fund (Fund) and directs 55% of the monies deposited into the Fund each month to the ADOT Subaccount and the remaining 45% to the DPS Subaccount. Conforms the safety oversight responsibilities of ADOT to federal law for light rail transit and street car systems.

Allows the AMB to continue spending monies appropriated in FY 2014 until the end of FY 2016. Requires ASRS and PSPRS to include in their annual an estimate of the aggregate fees paid for private equity investments, including management and performance fees.

Requires the SBI and the State Treasurer to take all actions necessary for distribution of permanent State Trust Land Fund monies on the 15th business day of each month and permits the Governor, Speaker of the House of Representatives or the Senate President to file an action with the Supreme Court to obtain a writ of mandamus or other appropriate action to compel performance of such duties. Effective: August 6, 2016.

Click [here](#) for the bill history.

HB 2704/SB 1535 (Chapter 122): budget reconciliation; health; 2016-2017.

In addition to the yearly session law provisions required to enact the health budget reconciliation bill, HB 2704 contains a variety of other changes. In part, are statutory adjustments to complete the transfer of the responsibility for the administration of behavioral health services from ADHS to AHCCCS. Provides up to \$1,000 annually for dental services for adults with a development disability and the elderly and physically disabled members of ALTCS. Requires AHCCCS to report on health care services for Native Americans. Establishes the 340B Pricing Program along with the Delivery System Reform Incentive Payment Fund. Reinstated is podiatry coverage by AHCCCS contractors for podiatry services performed by a licensed podiatrist. Removes the AHCCCS capitation rate increase of not more than 1.5% for FYs 2017 and 2018. Effective: August 6, 2016.

Click [here](#) for bill history.

HB 2705/SB 1536 (Chapter 123): human services; budget reconciliation; 2016-2017.

Requires DES to submit an annual update to JLBC and provide notice to affected individuals regarding DES' plans for the Arizona Training Program and associated group homes. Requires DES to hold public meetings and review the implementation of new foster home licensing rules, guidelines and checklists. Requires OAG to provide reports regarding DCS. Permits DCS to use \$3.8 million of the monies appropriated from the state lottery fund in FY 2016 for in-home preventative services. Clarifies that DCS and DES are prohibited from spending excess TANF Block Grant monies. Effective: August 6, 2016.

Click [here](#) for bill history.

HB 2707/SB 1538 (Chapter 124): K-12 education; budget reconciliation; 2016-2017.

Increases the Base Level, transportation per route funding and Charter Additional Assistance by 0.99%. Modifies the scheduled implementation of current year funding to only apply to Base Support Level calculations and repeals statute allowing for the upwards adjustment of student counts for growth. Removes the authority for a school district to sponsor a charter school and the requirement for a district sponsored charter school converting back to a district school to pay back the total Charter Additional Assistance (retroactive to June 30, 2016). Excludes students in district sponsored charter schools converting back to a district school in specified years from counting towards District Additional Assistance growth funding (retroactive to June 30, 2015). Reduces the FY 2017 multi-site charter Small School Weight reduction from 67% to 33%. Permits JTED students under 21 years old, including those who have graduated, to continue to participate in the JTED through the end of FY 2017, subject to specified conditions (retroactive to June 30, 2015). Extends the K-6 Technology-Based Language Development and Literacy Intervention Pilot Program reporting and termination date by two years, modifies the FY 2015 appropriation to go to the SPI rather than SBE and appropriates \$246,800 in FY 2016. Establishes requirements for the Code Writers Initiative Pilot Program and appropriates \$500,000 in FY 2017 from the State Web Portal Fund to ADE competitive grants. Establishes the College Credit by Examination Incentive Pilot Program in ADE to provide incentive bonuses to teachers, school districts and charter schools for students who obtain a passing score on qualifying college credit examinations while in high school. Declares the intent of the Legislature to fund district-sponsored charter schools that operated in FY 2016 at approximately the same amount of incremental monies in FY 2017 as the previous year. Effective: August 6, 2016 or as otherwise specified.

Click [here](#) for the bill history.

HB 2708/SB 1539 (Chapter 125): revenue; budget reconciliation; 2016-2017

Permanently extends the distribution of luxury tax revenues to the Corrections Fund. Allows a county with a population of less than 250,000 to use any source of county revenue to meet fiscal obligations. Stipulates that the county may not use more than \$1.25 million for purposes other than the purposes of the revenue source and requires a county to report the specific source and amount of revenues the county intends to use to JLBC. Directs the Maricopa County Board of Supervisors to spend all remaining monies in the Elderly Assistance Fund in Calendar Year 2016 solely on the Elderly Assistance Program and requires all subsequent appropriations made to the Fund to be spent on the Program. Requires ADOT to allocate and the Treasurer to distribute \$30 million in FY 2018 for construction and maintenance of roads and bridges to cities and counties as specified in the bill. Also appropriates \$30 million on a one-time basis from the GF in FY

2017 to ADOT for construction and maintenance. Requires, each year, DOR to report the amount of individual and corporate income tax credits claimed in the preceding year to the Directors of JLBC and OSPB. Increases the discounted rate at which tobacco distributors purchase tobacco stamps from 96% to 96.48% and requires DOR to remit 3.52 cents per stamp to each distributor as an administrative allowance for stamps with a face value of zero and stamps that don't require a precollected tax. Continues DOR's tax recovery program through 2018, allowing individuals to pay off unpaid liabilities over the course of three years. Establishes the Veteran's Income Tax Settlement Fund and appropriates \$2 million to the Fund for paying out settlements for Native American veterans whose taxes were withheld from their active duty military pay. Continues various provisions from prior years' budgets. Effective: August 6, 2016.

Click [here](#) for the bill history.

SB 1246 (Chapter 153): corrections department; revolving fund uses

Modifies criteria for drug treatment programs that are funded by the ADC Separate Revolving Fund and expands use of those monies to include reentry, education or mental health assistance programs. Appropriates \$596,000 from the Transition Program Fund in FY 2017 to ADC for the expansion of the Transition Program. Effective: August 6, 2016, however the appropriation is effective upon the Governor's signature, May 11, 2016.

Click [here](#) for the bill history.

SB 1251 (Chapter 312): reviser's technical corrections; 2016

Makes various technical and conforming changes. Effective: August 6, 2016.

Click [here](#) for the bill history.

SB 1382 (Chapter 162): service animals; regulation; rights; definitions

Adds it is not discriminatory to exclude a service animal from a public place if the animal is out of control and the animal's handler does not take effective action to control the animal, or the animal is not housebroken. Specifies that if a public place asks an individual to remove a service animal, the public place must give the individual the opportunity to return and obtain goods, services or accommodations without the animal on the premises. Requires a service animal to be under the control of the service animal's handler. Allows a public accommodation to ask an individual what work or task the service animal has been trained to perform. Effective: August 6, 2016.

Click [here](#) for the bill history.

SB 1435 (Chapter 342): racing commission; continuation; conforming changes

Continues the Arizona Racing Commission for eight years. Appropriates \$200,000 from the state General Fund in FY 2017 to the Arizona Department of Gaming for deposit in the Arizona Breeders' Award Fund. Effective: The continuation is effective retroactively to July 1, 2016; the appropriation is effective upon the Governor's signature, May 18, 2016.

Click [here](#) for the bill history.

SB 1505 (Chapter 357): tax exemption; natural gas delivery

Exempts gas transportation services from transaction privilege tax (TPT) and use tax. Directs municipalities that levy a tax on electric or gas companies to either tax or exempt in whole gas transportation services. Effective: August 6, 2016.

Click [here](#) for the bill history.

SB 1527/HB 2696 (Chapter 126): appropriations; capital outlay; 2016-2017

Appropriates funds to applicable state agencies for the maintenance, repair, building renewal, and preventative maintenance of state buildings for FY 2017.

Capital Outlay Appropriations

Appropriates the following amounts for major maintenance and repair activities for state buildings in FY 2017:

1. **Arizona Department of Administration (ADOA)**
 - \$8,000,000 from the state General Fund (GF)
 - \$19,000,000 from the Capital Outlay Stabilization Fund
2. **Arizona Department of Corrections (ADC)**
 - \$5,464,300 from the Department of Corrections Building Renewal Fund
3. **Arizona Game and Fish Department (AGFD)**
 - \$530,000 from the Game and Fish Fund
4. **Department of Juvenile Corrections**
 - \$1,100,000 from the Criminal Justice Enhancement Fund
5. **Arizona State Lottery Commission**
 - \$118,100 from the State Lottery Fund
6. **Arizona Department of Transportation (ADOT)**
 - \$4,000,000 from the State Highway Fund
 - \$232,300 from the State Aviation Fund

Permits ADOA to use up to \$275,000 of appropriated monies in personal services and employee-related expenditures for up to five FTE positions for each FY until building renewal projects are completed. Requires ADOA to allocate \$4,200,000 of appropriated monies to go to the renovation of the Department of Health Services (DHS) building. States \$120,000 of appropriated monies to ADOA must go to repair the 1938 Works Progress Administration building on the state fairgrounds if ADOA receives matching monies from the city of Phoenix and the state maintains control and ownership of the building.

FY 2017 Capital Improvement Projects

Department	Project	Fund Source	Amount
Arizona Game and Fish Department	Capital Improvements to Radio Towers	Game and Fish Fund	\$306,000
	Capital Improvements to Boat Structures	Watercraft Licensing Fund	\$874,900
	Capital Improvements	Game and Fish Fund	\$3,867,000
TOTAL (AGFD):			\$5,047,900
Arizona State Parks Board	Capital Improvements	State Parks Revenue Fund	\$1,500,000

TOTAL (ASPB):			\$1,500,000
Arizona Department of Veterans' Services	Flagstaff Veterans' Home Facility	State General Fund	\$10,000,000
TOTAL (ADVS):			\$10,000,000
Arizona Department of Transportation	Vehicle Wash Systems	State Highway Fund	\$5,530,000
	Interstate 10 Widening Projects	State General Fund	\$30,000,000
	State Route 189 Construction Project	State General Fund	\$25,000,000
	Route H60 Construction Project	State General Fund	\$1,500,000
Arizona Department of Transportation	State Highway Construction	State Highway Fund	\$270,615,000
	Airport Planning and Development	State Aviation Fund	\$19,079,900
TOTAL (ADOT):			\$351,724,900
Arizona Exposition and State Fair Board	Capital Improvements	Arizona Exposition and State Fair Fund	\$1,000,000
TOTAL (AESB):			\$1,000,000

Requires ADVS to use the \$10,000,000 appropriation solely on the construction of a veterans' home facility in Flagstaff and only if ADVS receives an irrevocable commitment from the federal government to fund at least 65% of the total cost of constructing a veterans' home facility in Flagstaff.

Details reporting requirements for state agencies regarding building renewal, capital projects and expenditures. Effective: August 6, 2016.

Click [here](#) for the bill history.

SB 1529/HB 2698 (Chapter 127): budget procedures; 2016-2017

Requires the director of the Arizona Department of Administration (ADOA) to submit a report to the director of the Joint Legislative Budget Committee (JLBC), on or before November 1st of each year, that list the written approvals granted by the director of ADOA for administrative adjustment of orders for goods or services made in one FY and received on or after August 31st of the next FY.

Mandates Legislative Council to pay legal fees incurred jointly by the House of Representatives and the Senate upon authorization of the Speaker of the House of Representatives and the President of the Senate.

Requires a budget unit to submit a report from the independent third party to the Information Technology Authorization Committee and JLBC regarding the progress of each ongoing project, on or before the 30th day following the last day of each calendar quarter.

States that lottery ticket sales commissions in the amount of \$27,227,600 earned beginning January 1, 2015 through June 30, 2015 must be paid only from the FY 2015 ending balance of the State Lottery Fund.

Sets the FY 2017 Capital Outlay Stabilization Fund (COSF) rental rates for state-owned buildings at \$13.08 per square foot for office space and \$4.74 per square foot for storage space.

States if ADOA disposes of property located on East Doubletree Ranch Road in Scottsdale, or any right, title or other interest in the property, it must report the terms and conditions of the transaction, including the sale price, if any, to JLBC within 30 days after the transaction.

Suspends the requirement that the Legislature appropriate monies to and transfer monies from the Budget Stabilization Fund through FY 2019. Effective: August 6, 2016.

Click [here](#) for the bill history.

SB 1530/HB 2699 (Chapter 128): agency consolidation; budget reconciliation; 2016-2017

Consolidates the State Boards' Office with ADOA. Eliminates the Department of Fire, Building and Life Safety and transfers the Office of the State Fire Marshal to the State Forester, the Office of Manufactured Housing to the Department of Housing, and the Homeowners Association dispute process to the Department of Real Estate. Transfers the Geological Survey to the University of Arizona, excluding the Oil and Gas Commission which transfers to ADEQ. Transfers the Mines and Minerals Museum to the University of Arizona. Transfers the OSHA Review Board to the ICA. Effective: August 6, 2016.

Click [here](#) for the bill history.

SB 1531/HB 2700 (Chapter 129): credit enhancement; budget reconciliation; 2016-2017

Establishes the Credit Enhancement Eligibility Board, Public School Credit Enhancement Fund and the Arizona Public School Credit Enhancement Program. Permits schools that meet specified criteria to apply for achievement district school status and be eligible to receive guaranteed financings. Establishes a maximum program leverage ratio and minimum bond rating requirements for the program. Outlines program participation requirements and repayment requirements for principal and interest payments made on behalf of a qualifying school. Outlines protections and remedies for the Board and Fund and allows up to \$80 million of obligations to be issued to the AST. Sunsets the Program, Board and Fund on January 1, 2027, or if there are outstanding obligations, 30 days after conditions are met. Transfers \$23.9 million from the Access Our Best Public Schools Fund in FY 2017 and appropriates \$500,000 from the GF to SFB in FY 2017 for one-time transaction cost funding. Effective: August 6, 2016.

Click [here](#) for the bill history.

SB 1537/HB 2706 (Chapter 130): higher education; budget reconciliation; 2016-2017

Requires the amount of tuition and fees included in the operating budget for each university to be deposited in a separate subaccount for each university rather than deposited with the State Treasurer, subject to legislative appropriation. Requires all other tuition and fee revenue to be retained in a separate local tuition and fees subaccount for each university. Outlines a General Fund (GF) appropriation schedule for lease-purchase capital financing for research infrastructure projects for all three public universities for FYs 2017-2031. Effective: August 6, 2016.

Click [here](#) for the bill history.