Strike everything after the enacting clause and insert:

"Section 1. Section 35-142, Arizona Revised Statutes, is amended to read:

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

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

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

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

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

4. All monies legally pledged to retirement of building indebtedness or bonds issued by those institutions authorized to incur such indebtedness or to issue such bonds shall be placed in separate accounts.
5. Monies of a multi-county water conservation district authorized by law to be paid to or held by the state treasurer shall be placed in separate accounts, each account bearing a title indicating the source and purpose of such fund.

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

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

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

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

B. No money shall be received or held by the state treasurer except as authorized by law, and in every instance the treasurer shall issue a receipt for money received and shall record the transaction in the statewide accounting system. No money shall be withdrawn from the treasury except upon the presentation of a valid warrant or electronic funds transfer voucher issued by the department of administration.

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

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

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

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

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

H. The department of administration shall establish the policies and procedures for all state agencies for drawing federal monies. When the established method results in federal monies being held by this state, the department of administration may use the interest earned on the monies to pay
the federal government for any related interest liability. If an interest
liability is incurred due to a state agency varying from the established
policies and procedures, the department of administration shall charge the
appropriate agency account or fund. Interest payment charges to agencies
shall be reported by the department of administration to the joint
legislative budget committee on or before March 1. Any federal interest
liability owed to this state as a result of the delayed federal disbursements
shall be used to offset this state's interest liability to the federal
government. Any remaining interest earnings shall be deposited in the state
general fund.

I. Any state agency or authorized agent of a state agency may accept
credit cards pursuant to an agreement entered into by the state treasurer
pursuant to section 35-315 for the payment of any amount due to that agency
or agent or this state.

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

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

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

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

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

L. Each state agency or its authorized agent shall:

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

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

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

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

N. Notwithstanding section 35-142.01, convenience fees received by a state agency or its authorized agent are limited to, and may be used to offset, the costs imposed by the authorized agent in processing the transactions.

O. When the percentage of electronic transactions first exceeds at least thirty per cent of a state agency's total transactions, the state agency shall perform a cost benefit report, including costs of convenience fees, the amount of revenue generated and any realized cost savings. The state agency shall submit the cost benefit report to the joint legislative
budget committee within six months after reaching the thirty per cent threshold.

P. State agencies shall report the number of transactions, the number of electronic transactions, the total dollar amount of transactions processed, the total dollar amount of any discount fee, the total dollar amount of any processing fee and the total dollar amount of any convenience fee charged, deducted or paid pursuant to subsections J and K of this section annually by October 1 to the governor, the government information technology agency and the joint legislative budget committee.

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

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

Amend title to conform

PAMELA GORMAN

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