

State of Arizona  
House of Representatives  
Fifty-second Legislature  
Second Regular Session  
2016

# HOUSE BILL 2013

AN ACT

REPEALING TITLE 12, CHAPTER 6, ARTICLE 14, ARIZONA REVISED STATUTES; AMENDING THE ARIZONA REVISED STATUTES BY ADDING TITLE 18; PROVIDING FOR TRANSFERRING AND RENUMBERING; AMENDING SECTIONS 18-103, 18-105, 18-443, 18-501, 18-502, 18-503, 18-504, 18-541, 18-543, 18-544 AND 18-545, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING SECTIONS 28-2065, 33-1701, 36-3802, 38-543, 38-544, 41-121, 41-352, 41-1277, 41-1504, 41-2513, 41-3016.06, 44-7011, 44-7041, 44-7042 AND 47-9525, ARIZONA REVISED STATUTES; AMENDING LAWS 2006, CHAPTER 232, SECTION 3; RELATING TO INFORMATION TECHNOLOGY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
 2 Section 1. Repeal  
 3 Title 12, chapter 6, article 14, Arizona Revised Statutes, is repealed.  
 4 Sec. 2. The Arizona Revised Statutes are amended by adding Title 18,  
 5 to read:

6 TITLE 18  
 7 INFORMATION TECHNOLOGY  
 8 CHAPTER 1  
 9 GOVERNMENT INFORMATION TECHNOLOGY  
 10 ARTICLE 1. GENERAL PROVISIONS  
 11 ARTICLE 2. INFORMATION TECHNOLOGY AUTHORIZATION COMMITTEE  
 12 ARTICLE 3. ALTERNATIVE ACCESS TO ELECTRONIC OR INFORMATION TECHNOLOGY  
 13 CHAPTER 2  
 14 NETWORK ACCESS  
 15 ARTICLE 1. ACCEPTABLE USE POLICY  
 16 CHAPTER 3  
 17 GOVERNMENTAL REPORTING OF INFORMATION  
 18 ARTICLE 1. GENERAL PROVISIONS  
 19 CHAPTER 4  
 20 NETWORK SERVICES  
 21 ARTICLE 1. GENERAL PROVISIONS  
 22 ARTICLE 2. DEPARTMENT OF ADMINISTRATION  
 23 ARTICLE 3. SECRETARY OF STATE  
 24 CHAPTER 5  
 25 NETWORK SECURITY  
 26 ARTICLE 1. COMPUTER SPYWARE  
 27 ARTICLE 2. GOVERNMENT ANTI-IDENTIFICATION PROCEDURES  
 28 ARTICLE 3. INTERNET REPRESENTATIONS

29 Sec. 3. Transfer and renumber  
 30 A. Title 41, chapter 32, Arizona Revised Statutes, is transferred and  
 31 renumbered for placement in title 18, Arizona Revised Statutes, as added by  
 32 this act, as chapter 1. Title 41, chapter 32, articles 1, 2 and 3, Arizona  
 33 Revised Statutes, are transferred and renumbered for placement in title 18,  
 34 chapter 1, Arizona Revised Statutes, as added by this act, as articles 1, 2  
 35 and 3, respectively. The following sections are transferred and renumbered  
 36 for placement in title 18, chapter 1, article 1:

	<u>Former Sections</u>	<u>New Sections</u>
37		
38	41-3501 .....	18-101
39	41-3502 .....	18-102
40	41-3503 .....	18-103
41	41-3504 .....	18-104
42	41-3507 .....	18-105

1 The following section is transferred and renumbered for placement in  
2 title 18, chapter 1, article 2:

<u>Former Section</u>	<u>New Section</u>
41-3521 .....	18-121

5 The following sections are transferred and renumbered for placement in  
6 title 18, chapter 1, article 3:

<u>Former Sections</u>	<u>New Sections</u>
41-3531 .....	18-131
41-3532 .....	18-132

10 B. The following sections are transferred and renumbered for placement  
11 in title 18, chapter 2, article 1:

<u>Former Sections</u>	<u>New Sections</u>
41-4151 .....	18-201
41-4152 .....	18-202
41-4153 .....	18-203

16 C. Title 41, chapter 46, Arizona Revised Statutes, is transferred and  
17 renumbered for placement in title 18, Arizona Revised Statutes, as added by  
18 this act, as chapter 3. Title 41, chapter 46, article 1, Arizona Revised  
19 Statutes, is transferred and renumbered for placement in title 18, chapter 3,  
20 Arizona Revised Statutes, as added by this act, as article 1. The following  
21 sections are transferred and renumbered for placement in title 18, chapter 3,  
22 article 1:

<u>Former Sections</u>	<u>New Sections</u>
41-4601 .....	18-301
41-4602 .....	18-302
41-4603 .....	18-303
41-4604 .....	18-304

28 D. The following sections are transferred and renumbered for placement  
29 in title 18, chapter 4, article 1:

<u>Former Sections</u>	<u>New Sections</u>
41-3505 .....	18-401
41-3508 .....	18-402

33 The following sections are transferred and renumbered for placement in  
34 title 18, chapter 4, article 2:

<u>Former Sections</u>	<u>New Sections</u>
41-3506 .....	18-421
41-5101 .....	18-422

38 The following sections are transferred and renumbered for placement in  
39 title 18, chapter 4, article 3:

<u>Former Sections</u>	<u>New Sections</u>
41-127 .....	18-441
41-132 .....	18-442
41-134 .....	18-443

1 Section 38-542, Arizona Revised Statutes, as amended by Laws 2011,  
 2 chapter 332, section 27, is transferred and renumbered for placement in title  
 3 18, chapter 4, article 3, Arizona Revised Statutes, as section 18-444.  
 4 Section 38-542, Arizona Revised Statutes, as amended by Laws 2014, chapter  
 5 149, section 1, is transferred and renumbered for placement in title 18,  
 6 chapter 4, article 3, Arizona Revised Statutes, as section 18-444.

7 E. The following sections are transferred and renumbered for placement  
 8 in title 18, chapter 5, article 1:

	<u>Former Sections</u>	<u>New Sections</u>
9		
10	44-7301 .....	18-501
11	44-7302 .....	18-502
12	44-7303 .....	18-503
13	44-7304 .....	18-504

14 The following sections are transferred and renumbered for placement in  
 15 title 18, chapter 5, article 2:

16	41-4171 .....	18-521
17	41-4172 .....	18-522

18 The following sections are transferred and renumbered for placement in  
 19 title 18, chapter 5, article 3:

20	44-7201 .....	18-541
21	44-7202 .....	18-542
22	44-7203 .....	18-543
23	44-7204 .....	18-544
24	44-7501 .....	18-545

25 Sec. 4. Heading repeal

26 A. The following chapter headings are repealed:

- 27 1. Title 41, chapter 39, Arizona Revised Statutes.
- 28 2. Title 41, chapter 51, Arizona Revised Statutes.
- 29 3. Title 44, chapter 29, Arizona Revised Statutes.
- 30 4. Title 44, chapter 30, Arizona Revised Statutes.
- 31 5. Title 44, chapter 32, Arizona Revised Statutes.

32 B. The following article headings are repealed:

- 33 1. Title 41, chapter 39, article 1, Arizona Revised Statutes.
- 34 2. Title 41, chapter 39, article 2, Arizona Revised Statutes.
- 35 3. Title 41, chapter 51, article 1, Arizona Revised Statutes.
- 36 4. Title 44, chapter 29, article 1, Arizona Revised Statutes.
- 37 5. Title 44, chapter 30, article 1, Arizona Revised Statutes.
- 38 6. Title 44, chapter 32, article 1, Arizona Revised Statutes.

39 Sec. 5. Section 18-103, Arizona Revised Statutes, as transferred and  
 40 renumbered, is amended to read:

41 18-103. Powers and duties of director

42 In regard to government information technology, the director shall:

- 43 1. Appoint a chief information officer for information technology.
- 44 2. Establish minimum qualifications for each position authorized for  
 45 the department for government information technology. The qualifications

1 shall be subject to the review of the information technology authorization  
2 committee.

3 3. Employ, determine the conditions of employment and prescribe the  
4 duties and powers of administrative, professional, technical, secretarial,  
5 clerical and other persons subject to TITLE 41, chapter 4, article 4 ~~of this~~  
6 ~~title~~ as may be necessary in the performance of the department's duties and  
7 contract for the services of outside advisors, consultants and aides as may  
8 be reasonably necessary. Employees of the department shall meet the minimum  
9 qualifications established pursuant to this section.

10 Sec. 6. Section 18-105, Arizona Revised Statutes, as transferred and  
11 renumbered, is amended to read:

12 18-105. Statewide information security and privacy office;  
13 duties; suspension of budget unit's information  
14 infrastructure

15 A. The statewide information security and privacy office is  
16 established in the department. The statewide information security and  
17 privacy office shall serve as the strategic planning, facilitation and  
18 coordination office for information technology security in this state.  
19 Individual budget units shall continue to maintain operational responsibility  
20 for information technology security.

21 B. The director shall appoint a statewide chief information security  
22 officer to manage the statewide information security and privacy office. The  
23 statewide chief information security officer shall report to the director  
24 pursuant to section ~~41-3503~~ 18-103.

25 C. The statewide information security and privacy office shall  
26 develop, implement, maintain and ensure compliance by each budget unit with a  
27 coordinated statewide assurance plan for information security and privacy.  
28 The statewide information security and privacy office shall:

29 1. Direct information security and privacy protection compliance  
30 reviews with each budget unit to ensure compliance with standards and  
31 effectiveness of security assurance plans as necessary.

32 2. Identify information security and privacy protection risks in each  
33 budget unit and direct agencies to adopt risk mitigation strategies, methods  
34 and procedures to lessen these risks.

35 3. Monitor and report compliance of each budget unit with state  
36 information security and privacy protection policies, standards and  
37 procedures.

38 4. Coordinate statewide information security and privacy protection  
39 awareness and training programs.

40 5. Develop other strategies as necessary to protect this state's  
41 information technology infrastructure and the data that is stored on or  
42 transmitted by ~~such~~ THE infrastructure.

43 D. The statewide information security and privacy office may  
44 temporarily suspend operation of information infrastructure that is owned,  
45 leased, outsourced or shared in order to isolate the source of, or stop the

1 spread of, an information security breach or other similar incident. A  
2 budget unit shall comply with directives to temporarily discontinue or  
3 suspend operations of information infrastructure.

4 E. Each budget unit and its contractors shall identify and report  
5 security incidents to the statewide information security and privacy office  
6 immediately on discovery and deploy mitigation strategies as directed.

7 Sec. 7. Section 18-443, Arizona Revised Statutes, as transferred and  
8 renumbered, is amended to read:

9 18-443. Electronic database system; procedures

10 A. Subject to legislative appropriation or transfer of monies, the  
11 secretary of state shall develop electronic database systems for financial  
12 disclosures required under title 38, chapter 3.1, article 1 and lobbyist  
13 reporting requirements under TITLE 41, chapter 7, article 8.1 ~~of this title~~.

14 B. The electronic database system shall allow a county, city or town  
15 to elect to use the secretary of state's system subject to:

16 1. Approval of the local governing body.

17 2. The local governing body conforming the local governing body's  
18 financial disclosure requirement and lobbying disclosure requirements with  
19 requirements of this state.

20 C. This section does not require the secretary of state to provide for  
21 a system that complies with filing requirements other than those required in  
22 sections ~~38-542~~ 18-444 and 38-543 and TITLE 41, chapter 7, article 8.1 ~~of~~  
23 ~~this title~~.

24 Sec. 8. Section 18-501, Arizona Revised Statutes, as transferred and  
25 renumbered, is amended to read:

26 18-501. Definitions

27 In this ~~chapter~~ ARTICLE, unless the context otherwise requires:

28 1. "Advertisement" means a communication the primary purpose of which  
29 is the commercial promotion of a commercial product or service, including  
30 communication on an internet ~~web-site~~ WEBSITE that is operated for a  
31 commercial purpose.

32 2. "Computer software" means a sequence of instructions that is  
33 written in any programming language and that is executed on a computer and  
34 does not include a web page or data components of web pages that are not  
35 executable independently of the web page.

36 3. "Damage" means any significant impairment to the integrity or  
37 availability of data, computer software, a system or information.

38 4. "Execute" means the performance of the functions or the carrying  
39 out of the instructions of the computer software.

40 5. "Intentionally deceptive" means any of the following:

41 (a) By means of an intentionally and materially false or fraudulent  
42 statement.

43 (b) By means of a statement or description that intentionally omits or  
44 misrepresents material information in order to deceive an owner or operator  
45 of a computer.

1 (c) By means of an intentional and material failure to provide any  
2 notice to an owner or operator of a computer regarding the installation or  
3 execution of computer software in order to deceive the owner or operator.

4 6. "Internet" means the global information system that is logically  
5 linked together by a globally unique address space based on the internet  
6 protocol, or its subsequent extensions, and that is able to support  
7 communications using the transmission control ~~protocol/internet~~ **PROTOCOL OR**  
8 **INTERNET** protocol suite, or ~~its~~ **ITS** subsequent extensions, or other internet  
9 protocol compatible protocols, and that provides, uses or makes accessible,  
10 either publicly or privately, high level services layered on the  
11 communications and related infrastructure described in this paragraph.

12 7. "Owner or operator" means the owner or lessee of a computer or  
13 someone using the computer with the owner's or lessee's authorization. Owner  
14 or operator does not include any person who owns a computer before the first  
15 retail sale of the computer.

16 8. "Person" means any individual, partnership, corporation, limited  
17 liability company or other organization or any combination of these entities.

18 9. "Personally identifiable information" means any of the following  
19 with respect to an individual who is an owner or operator of a computer:

20 (a) First name or first initial in combination with last name.

21 (b) A home or other physical address including street name.

22 (c) An electronic mail address.

23 (d) A credit or debit card number or bank account number or any  
24 password or access code associated with a credit or debit card or bank  
25 account.

26 (e) A social security number, tax identification number, driver  
27 license number, passport number or any other government issued identification  
28 number.

29 (f) Any of the following information in a form that personally  
30 identifies an owner or operator of a computer:

31 (i) Account balances.

32 (ii) Overdraft history.

33 (iii) Payment history.

34 10. "Transmit" means to transfer, send or make available computer  
35 software, or any component of computer software, via the internet or any  
36 other medium, including local area networks of computers, any other nonwire  
37 transmission and a disk or other data storage device. Transmit does not  
38 include any action by a person providing any of the following:

39 (a) The internet connection, telephone connection or other means of  
40 transmission capability such as a compact disk or digital video disk through  
41 which the software was made available.

42 (b) The storage or hosting of the software program or an internet web  
43 page through which the software was made available.

44 (c) An information location tool, such as a directory, index,  
45 reference, pointer or hypertext link, through which the user of the computer

1 located the software, unless the person receives a direct economic benefit  
2 from the execution of the software on the computer.

3 Sec. 9. Section 18-502, Arizona Revised Statutes, as transferred and  
4 renumbered, is amended to read:

5 18-502. Prohibited activities; applicability

6 A. It is unlawful for any person who is not an owner or operator of a  
7 computer to transmit computer software to a computer, with actual knowledge  
8 or with conscious avoidance of actual knowledge, and to use the software to  
9 do any of the following:

10 1. Modify, through intentionally deceptive means, settings that  
11 control any of the following:

12 (a) The page that appears when an owner or operator of a computer  
13 launches an internet browser or similar computer software used to access and  
14 navigate the internet.

15 (b) The default provider or web proxy that an owner or operator of a  
16 computer uses to access or search the internet.

17 (c) An ~~owner~~ OWNER'S or operator's list of bookmarks used to access  
18 web pages.

19 2. Collect, through intentionally deceptive means, personally  
20 identifiable information:

21 (a) Through the use of a keystroke logging function that records all  
22 keystrokes made by an authorized user who uses the computer and transfers  
23 that information from the computer to another person.

24 (b) In a manner that correlates the information with data respecting  
25 all or substantially all of the ~~web-sites~~ WEBSITES visited by an owner or  
26 operator of the computer, other than ~~web-sites~~ WEBSITES operated by the  
27 person collecting the information.

28 (c) With respect only to information described in section ~~44-7301~~  
29 18-501, paragraph 9, by extracting such information from the hard drive of an  
30 ~~owner~~ OWNER'S or operator's computer.

31 3. Prevent, through intentionally deceptive means, an ~~owner~~ OWNER'S or  
32 operator's reasonable efforts to block the installation or execution of, or  
33 to disable, computer software by causing software that an owner or operator  
34 of the computer has properly removed or disabled automatically to reinstall  
35 or reactivate on the computer.

36 4. Intentionally misrepresent that computer software will be  
37 uninstalled or disabled by an ~~owner~~ OWNER'S or operator's action.

38 5. Through intentionally deceptive means, remove, disable or render  
39 inoperative security, antispyware or antivirus computer software installed on  
40 the computer.

41 6. Take control of the computer by:

42 (a) Accessing or using the modem or internet service for the computer  
43 for the purpose of causing damage to the computer or causing an owner or  
44 operator to incur financial charges for a service that the owner or operator  
45 of the computer has not authorized.



1 (b) Opening multiple, sequential, ~~stand-alone~~ STAND-ALONE  
2 advertisements in an ~~owner~~ OWNER'S or operator's internet browser without the  
3 authorization of ~~an~~ THE owner or operator ~~and~~ that a reasonable computer user  
4 cannot close without turning off the computer or closing the internet  
5 browser.

6 7. Modify any of the following settings related to the computer's  
7 access to, or use of, the internet:

8 (a) Settings that protect information about an owner or operator of  
9 the computer for the purpose of stealing personally identifiable information  
10 of the owner or operator.

11 (b) Security settings for the purpose of causing damage to a computer.

12 8. Prevent an ~~owner~~ OWNER'S or operator's reasonable efforts to block  
13 the installation of, or to disable, computer software, by doing either of the  
14 following:

15 (a) Presenting the owner or operator with an option to decline  
16 installation of computer software with knowledge that, ~~when~~ IF the option is  
17 selected, the installation nevertheless proceeds.

18 (b) Falsely representing that computer software has been disabled.

19 B. It is unlawful for any person who is not an owner or operator of a  
20 computer to do either of the following with regard to the computer:

21 1. Induce an owner or operator to install a computer software  
22 component on the computer by intentionally misrepresenting the extent to  
23 which installing the software is necessary for security or privacy reasons or  
24 in order to open, view or play a particular type of content.

25 2. Deceptively cause the execution on the computer of a computer  
26 software component with the intent of causing an owner or operator to use the  
27 component in a manner that violates any other provision of this section.

28 C. ~~Nothing in~~ This section ~~applies~~ DOES NOT APPLY to any monitoring  
29 of, or interaction with, a subscriber's internet or other network connection  
30 or service, or a computer, by a telecommunications carrier, cable operator,  
31 computer hardware or software provider or provider of information service or  
32 interactive computer service for network or computer security purposes,  
33 diagnostics, technical support, maintenance, repair, authorized updates of  
34 software or system firmware, authorized remote system management or detection  
35 or prevention of the unauthorized use of or fraudulent or other illegal  
36 activities in connection with a network, service or computer software,  
37 including scanning for and removing software prescribed under this ~~chapter~~  
38 ARTICLE.

39 Sec. 10. Section 18-503, Arizona Revised Statutes, as transferred and  
40 renumbered, is amended to read:

41 18-503. Statewide concern; preemption

42 It is the intent of the legislature that this ~~chapter~~ ARTICLE is a  
43 matter of statewide concern. This ~~chapter~~ ARTICLE supersedes and preempts  
44 all rules, regulations, codes, ordinances and other laws adopted by a city,

1 county, municipality or local agency regarding spyware and notices to  
2 consumers from computer software providers regarding information collection.

3 Sec. 11. Section 18-504, Arizona Revised Statutes, as transferred and  
4 renumbered, is amended to read:

5 18-504. Civil remedies; damages

6 A. In addition to any other remedies provided by law, the attorney  
7 general, or a computer software provider or a ~~web-site~~ WEBSITE or trademark  
8 owner who is adversely affected by a violation of this ~~chapter~~ ARTICLE, may  
9 bring an action against a person who violates this ~~chapter~~ ARTICLE to:

10 1. Enjoin further violations of this ~~chapter~~ ARTICLE.

11 2. Recover the greater of actual damages or one hundred thousand  
12 dollars for each separate violation of this ~~chapter~~ ARTICLE.

13 B. A single action or conduct that violates more than one paragraph of  
14 section ~~44-7302~~ 18-502, subsection A or ~~subsection~~ B or at least one  
15 paragraph of section ~~44-7302~~ 18-502, subsection A and at least one paragraph  
16 of section ~~44-7302~~ 18-502, subsection B shall be considered multiple  
17 violations. The number of violations shall be based on the number of  
18 paragraphs violated.

19 C. In an action brought under this section, a court may:

20 1. Increase the damages up to three times the damages allowed by  
21 subsection A of this section if the defendant has engaged in a pattern and  
22 practice of violating this ~~chapter~~ ARTICLE.

23 2. Award costs and reasonable attorney fees to the prevailing party.

24 Sec. 12. Section 18-541, Arizona Revised Statutes, as transferred and  
25 renumbered, is amended to read:

26 18-541. Definitions

27 ~~For the purposes of this chapter~~ IN THIS ARTICLE, unless the context  
28 otherwise requires:

29 1. "Electronic mail message" means a message sent to a unique  
30 destination that consists of a unique user name or mailbox and a reference to  
31 an internet domain, whether or not displayed, and to which an electronic mail  
32 message can be sent or delivered.

33 2. "Identifying information" means an individual's piece of  
34 information that can be used to access an individual's financial accounts or  
35 to obtain goods or services and that includes an individual's:

36 (a) Social security number.

37 (b) Driver license number.

38 (c) Bank account number.

39 (d) Credit or debit card number.

40 (e) Personal identification number.

41 (f) Automated or electronic signature.

42 (g) Unique biometric data.

43 (h) Account passwords.

44 3. "Internet" means collectively the myriad of computer and  
45 telecommunications facilities, including equipment and operating software,

1 that comprise the interconnected worldwide network of networks that employ  
2 the transmission control protocol or internet protocol, or any predecessor or  
3 successor protocols to such protocol, to communicate information of all kinds  
4 by wire or radio.

5 4. "Web page" means a location with respect to the worldwide web that  
6 has a single uniform resource locator or other single location with respect  
7 to the internet.

8 Sec. 13. Section 18-543, Arizona Revised Statutes, as transferred and  
9 renumbered, is amended to read:

10 18-543. Civil remedies; damages

11 A. A person who either is engaged in the business of providing  
12 internet access service to the public or owns a web page or trademark and who  
13 is adversely affected by reason of a violation of this ~~chapter~~ ARTICLE may  
14 bring an action against a person who violates this ~~chapter~~ ARTICLE to:

15 1. Enjoin further violations of this ~~chapter~~ ARTICLE.

16 2. Recover the greater of actual damages or two thousand five hundred  
17 dollars for each separate violation of this ~~chapter~~ ARTICLE.

18 B. A person, other than a person who is described in subsection A of  
19 this section, who is adversely affected by reason of a violation of this  
20 ~~chapter~~ ARTICLE may bring an action only against the person who violates this  
21 ~~chapter~~ ARTICLE to:

22 1. Enjoin further violations of this ~~chapter~~ ARTICLE.

23 2. Recover the greater of actual damages or five thousand dollars for  
24 each separate violation of this ~~chapter~~ ARTICLE.

25 C. The attorney general may bring an action against a person who  
26 violates this ~~chapter~~ ARTICLE to:

27 1. Enjoin further violations of this ~~chapter~~ ARTICLE.

28 2. Recover two thousand five hundred dollars per violation.

29 D. An action under this section must be brought within three years  
30 after the violation is discovered or by the exercise of reasonable diligence  
31 should have been discovered, whichever is earlier.

32 E. In an action under this section, the court may increase a damage  
33 award to an amount equal to not more than three times the amount otherwise  
34 available under this section if the court determines that the defendant has  
35 engaged in a pattern and practice of violating this ~~chapter~~ ARTICLE.

36 F. The attorney general may also recover reasonable attorney fees and  
37 costs.

38 G. For the purposes of this section, multiple violations of this  
39 ~~chapter~~ ARTICLE resulting from any single action or act shall constitute one  
40 violation.

41 Sec. 14. Section 18-544, Arizona Revised Statutes, as transferred and  
42 renumbered, is amended to read:

43 18-544. Violation; classification

44 A person who violates this ~~chapter~~ ARTICLE is guilty of a class 5  
45 felony.

1           Sec. 15. Section 18-545, Arizona Revised Statutes, as transferred and  
2 renumbered, is amended to read:

3           18-545. Notification of breach of security system; enforcement;  
4           civil penalty; preemption; exceptions; definitions

5           A. When a person that conducts business in this state and that owns or  
6 licenses unencrypted computerized data that includes personal information  
7 becomes aware of an incident of unauthorized acquisition and access to  
8 unencrypted or unredacted computerized data that includes an individual's  
9 personal information, the person shall conduct a reasonable investigation to  
10 promptly determine if there has been a breach of the security system. If the  
11 investigation results in a determination that there has been a breach in the  
12 security system, the person shall notify the individuals affected. The  
13 notice shall be made in the most expedient manner possible and without  
14 unreasonable delay subject to the needs of law enforcement as provided in  
15 subsection C of this section and any measures necessary to determine the  
16 nature and scope of the breach, to identify the individuals affected or to  
17 restore the reasonable integrity of the data system.

18           B. A person that maintains unencrypted computerized data that includes  
19 personal information that the person does not own shall notify and cooperate  
20 with the owner or the licensee of the information of any breach of the  
21 security of the system following discovery of the breach without unreasonable  
22 delay. Cooperation shall include sharing information relevant to the breach  
23 of the security of the system with the owner or licensee. The person that  
24 owns or licenses the computerized data shall provide notice to the individual  
25 pursuant to this section. The person that maintained the data under an  
26 agreement with the owner or licensee is not required to provide notice to the  
27 individual pursuant to this section unless the agreement stipulates  
28 otherwise.

29           C. The notification required by subsection A of this section may be  
30 delayed if a law enforcement agency advises the person that the notification  
31 will impede a criminal investigation. The person shall make the notification  
32 after the law enforcement agency determines that it will not compromise the  
33 investigation.

34           D. The disclosure required by subsection A of this section shall be  
35 provided by one of the following methods:

36           1. Written notice.

37           2. Electronic notice if the person's primary method of communication  
38 with the individual is by electronic means or is consistent with the  
39 provisions regarding electronic records and signatures set forth in the  
40 electronic signatures in global and national commerce act (P.L. 106-229; 114  
41 Stat. 464; 15 United States Code section 7001).

42           3. Telephonic notice.

43           4. Substitute notice if the person demonstrates that the cost of  
44 providing notice pursuant to paragraph 1, 2 or 3 of this subsection would  
45 exceed fifty thousand dollars or that the affected class of subject

1 individuals to be notified exceeds one hundred thousand persons, or the  
2 person does not have sufficient contact information. Substitute notice shall  
3 consist of all of the following:

4 (a) Electronic mail notice if the person has electronic mail addresses  
5 for the individuals subject to the notice.

6 (b) Conspicuous posting of the notice on the ~~web-site~~ WEBSITE of the  
7 person if the person maintains one.

8 (c) Notification to major statewide media.

9 E. A person who maintains the person's own notification procedures as  
10 part of an information security policy for the treatment of personal  
11 information and is otherwise consistent with the requirements of this section  
12 shall be deemed to be in compliance with the notification requirements of  
13 this section if the person notifies subject individuals in accordance with  
14 the person's policies if a breach of the security system occurs.

15 F. A person that complies with the notification requirements or  
16 security breach procedures pursuant to the rules, regulations, procedures,  
17 guidance or guidelines established by the person's primary or functional  
18 federal regulator is deemed to be in compliance with this section.

19 G. A person is not required to disclose a breach of the security of  
20 the system if the person or a law enforcement agency, after a reasonable  
21 investigation, determines that a breach of the security of the system has not  
22 occurred or is not reasonably likely to occur.

23 H. This section may only be enforced by the attorney general. The  
24 attorney general may bring an action to obtain actual damages for a wilful  
25 and knowing violation of this section and a civil penalty not to exceed ten  
26 thousand dollars per breach of the security of the system or series of  
27 breaches of a similar nature that are discovered in a single investigation.

28 I. The state legislature determines that security system breach  
29 notification is a matter of statewide concern. The power to regulate  
30 security breach notification is preempted by this state and this section  
31 shall supersede and preempt all municipal and county laws, charters,  
32 ordinances and rules relating to issues regulated by this ~~chapter~~ SECTION.

33 J. This section does not apply to either of the following:

34 1. A person subject to title V of the Gramm-Leach-Bliley act ~~of 1999~~  
35 (P.L. 106-102; 113 Stat. 1338; 15 United States Code sections 6801 through  
36 6809).

37 2. Covered entities as defined under regulations implementing the  
38 health insurance portability and accountability act ~~OF 1996~~, 45 Code of  
39 Federal Regulations section 160.103 (1996).

40 K. The department of public safety, a county sheriff's department, a  
41 municipal police department, a prosecution agency and a court shall create  
42 and maintain an information security policy that includes notification  
43 procedures for a breach of the security system of the department of public  
44 safety, the county sheriff's department, the municipal police department, the  
45 prosecuting agency or the court.

1 L. For the purposes of this section:

2 1. "Breach", "breach of the security of the system", "breach of the  
3 security system" or "security breach" means an unauthorized acquisition of  
4 and access to unencrypted or unredacted computerized data that materially  
5 compromises the security or confidentiality of personal information  
6 maintained by a person as part of a database of personal information  
7 regarding multiple individuals and that causes or is reasonably likely to  
8 cause substantial economic loss to an individual. Good faith acquisition of  
9 personal information by an employee or agent of the person for the purposes  
10 of the person is not a breach of the security system if the personal  
11 information is not used for a purpose unrelated to the person or subject to  
12 further wilful unauthorized disclosure.

13 2. "Court" means the supreme court, court of appeals, superior court,  
14 courts inferior to the superior court and justice courts.

15 3. "Encrypted" means use of an algorithmic process to transform data  
16 into a form in which the data is rendered unreadable or unusable without use  
17 of a confidential process or key.

18 4. "Individual" means a person that is a resident of this state as  
19 determined by a principal mailing address in this state as reflected in the  
20 records of the person conducting business in this state at the time of the  
21 breach.

22 5. "Person" means a natural person, corporation, business trust,  
23 estate, trust, partnership, association, joint venture, government,  
24 governmental subdivision or agency or any other legal or commercial  
25 entity. Person does not include the department of public safety, a county  
26 sheriff's department, a municipal police department, a prosecution agency or  
27 a court.

28 6. "Personal information":

29 (a) Means an individual's first name or first initial and last name in  
30 combination with any one or more of the following data elements, when the  
31 data element is not encrypted, redacted or secured by any other method  
32 rendering the element unreadable or unusable:

33 (i) The individual's social security number.

34 (ii) The individual's number on a driver license issued pursuant to  
35 section 28-3166 or number on a nonoperating identification license issued  
36 pursuant to section 28-3165.

37 (iii) The individual's financial account number or credit or debit  
38 card number in combination with any required security code, access code or  
39 password that would permit access to the individual's financial account.

40 (b) Does not include publicly available information that is lawfully  
41 made available to the general public from federal, state or local government  
42 records or widely distributed media.

43 7. "Prosecution agency" means the attorney general, any county  
44 attorney or any municipal prosecutor.

1           8. "Redact" means alter or truncate data such that no more than the  
2 last four digits of a social security number, driver license number,  
3 nonoperating identification license number, financial account number or  
4 credit or debit card number is accessible as part of the personal  
5 information.

6           Sec. 16. Section 28-2065, Arizona Revised Statutes, is amended to  
7 read:

8           28-2065. Electronic and digital signatures; documents

9           A. ~~On or before January 1, 2009,~~ The director in cooperation with a  
10 statewide association of franchised new motor vehicle dealers shall establish  
11 a schedule to develop a pilot program to accept and use electronic or digital  
12 signatures.

13           B. In the process of developing the pilot program, the director shall  
14 research and develop methods to allow the department, authorized third  
15 parties, licensed financial institutions, licensed insurers or any other  
16 business or individual as determined by the director to accept, exchange and  
17 use electronic or digital signatures for any document or for any transaction  
18 prescribed in this chapter and sections 28-370, 28-444, 28-453 and 28-5111.

19           C. The participants shall ensure that adequate security measures are  
20 in place to prevent any illegal use of the signatures or other information  
21 exchanged pursuant to this section.

22           D. Except for a statewide association of franchised new motor vehicle  
23 dealers, the director may limit the number of participants in the system but  
24 shall encourage authorized third parties and businesses of various sizes to  
25 participate.

26           E. After the system has been operating for twelve months, the director  
27 may expand the system if the director determines the system is successful.

28           F. The director may determine and require reimbursement from pilot  
29 program participants for costs related to computer programming, hardware,  
30 development and personnel. The department shall deposit, pursuant to  
31 sections 35-146 and 35-147, all monies received pursuant to this section in a  
32 separate account of the state highway fund established by section 28-6991.  
33 Monies in the separate account are continuously appropriated. The director  
34 may transfer monies deposited pursuant to this subsection from the separate  
35 account to the operating budget of the department's motor vehicle division  
36 for the purpose of reimbursing the department's operating budget for  
37 expenditures made by the division pursuant to this section.

38           G. This section does not limit the use of electronic and digital  
39 signatures used by state agencies, boards or commissions pursuant to section  
40 ~~41-132~~ 18-442.

41           H. The director shall adopt policies necessary to implement this  
42 section.

1           Sec. 17. Section 33-1701, Arizona Revised Statutes, is amended to  
2 read:

3           33-1701. Definitions; exception

4           A. In this article, unless the context otherwise requires:

5           1. "Default" means the failure to perform on time any obligation or  
6 duty set forth in the rental agreement.

7           2. "Department" means the Arizona game and fish department in the case  
8 of motorized watercraft and the department of transportation in the case of  
9 all other vehicles.

10           3. "Electronic mail" means an electronic message or an executable  
11 program or computer file that contains an image of a message that is  
12 transmitted between two or more computers or electronic terminals and  
13 includes electronic messages that are transmitted within or between computer  
14 networks from which a confirmation of receipt is received.

15           4. "Last known address" means that postal address or electronic  
16 address provided by the occupant in the rental agreement or the postal  
17 address or electronic address provided by the occupant in a subsequent  
18 written notice of a change of address.

19           5. "Late fee" means a reasonable fee or charge that is assessed by the  
20 operator for the failure of the occupant to pay rent when due pursuant to  
21 section 33-1703, subsection D.

22           6. "Leased space" means the storage space or spaces at the  
23 self-service storage facility that are rented to an occupant pursuant to a  
24 rental agreement.

25           7. "Net proceeds" means the total proceeds received from the lien sale  
26 less the total amount of the lien.

27           8. "Occupant" means a person or the person's sublessee, successor or  
28 assign, entitled to the use of the leased space at a self-service storage  
29 facility under a rental agreement, to the exclusion of others.

30           9. "Operator" means the owner, operator, lessor or sublessor of a  
31 self-service storage facility, an agent or any other person authorized to  
32 manage the facility.

33           10. "Personal information" has the same meaning prescribed in section  
34 ~~44-7501~~ 18-545 and includes passport information and medical or legal  
35 records.

36           11. "Personal property" means movable property that is not affixed to  
37 land and includes but is not limited to goods, wares, merchandise, household  
38 items and furnishings and vehicles.

39           12. "Protected property" means personal property the sale or disposal  
40 of which is regulated by state or federal law and that is one of the  
41 following:

42           (a) Documents, files or electronic data that contains personal  
43 information relating to clients, customers, patients or others in connection  
44 with the occupant's business.

45           (b) Alcoholic beverages.



1 (c) Pharmaceuticals other than those dispensed by a licensed pharmacy  
2 for the occupant's personal use.

3 (d) Firearms.

4 13. "Registered owner" means an owner of a vehicle as stated in the  
5 official records of the department.

6 14. "Rental agreement" means any written agreement provided to the  
7 occupant that establishes or modifies the terms, conditions or rules  
8 concerning the use and occupancy of leased space at a self-service storage  
9 facility.

10 15. "Self-service storage facility" means any real property used for  
11 renting or leasing storage spaces in which the occupants themselves  
12 customarily store and remove their own personal property on a self-service  
13 basis.

14 16. "Vehicle" means a motor vehicle, a trailer or a semitrailer as  
15 defined in section 28-101 and a motorized watercraft as defined in section  
16 5-301.

17 17. "Verified mail" means any method of mailing that is offered by the  
18 United States postal service and that provides evidence of mailing.

19 B. This article does not apply to a warehouseman unless the  
20 warehouseman issues a warehouse receipt, bill of lading or other document of  
21 title for the personal property stored.

22 Sec. 18. Section 36-3802, Arizona Revised Statutes, is amended to  
23 read:

24 36-3802. Individual rights

25 A. A health information organization must provide the following rights  
26 to individuals:

27 1. To opt out of participating in the health information organization  
28 pursuant to section 36-3803.

29 2. To request a copy of the individual's individually identifiable  
30 health information that is available through the health information  
31 organization. The health information organization may provide this right  
32 directly or may require health care providers participating in the health  
33 information organization to provide access to individuals. The copy may be  
34 provided electronically, if the individual requesting the copy consents to  
35 electronic delivery of the individually identifiable health information, and  
36 must be provided to the individual within thirty days after the individual's  
37 request. Charges for copies are governed by section 12-2295.

38 3. To request amendment of incorrect individually identifiable health  
39 information available through the health information organization.

40 4. To request a list of the persons who have accessed the individual's  
41 individually identifiable health information through the health information  
42 organization for a period of at least three years before the individual's  
43 request. This list must be provided to the individual within thirty days  
44 after the individual's request.

1           5. To be notified, pursuant to section ~~44-7501~~ 18-545 and 45 Code of  
2 Federal Regulations part 164, subpart D, of a breach at the health  
3 information organization that affects the individual's individually  
4 identifiable health information.

5           B. If an individual does not have the capacity to make health care  
6 decisions, the individual's health care decision maker may exercise all  
7 individual rights in this chapter on behalf of the individual.

8           Sec. 19. Section 38-543, Arizona Revised Statutes, is amended to read:  
9           38-543. Duty to file financial disclosure statement by  
10           candidate for public office

11           A candidate for public office as specified in section 38-541, paragraph  
12 8 shall file a financial disclosure statement covering the preceding twelve  
13 month period and containing the information described in section ~~38-542~~  
14 18-444 on a form prescribed by the secretary of state at the time of filing  
15 of nomination papers.

16           Sec. 20. Section 38-544, Arizona Revised Statutes, is amended to read:  
17           38-544. Violation; classification

18           A. Any public officer, local public officer or candidate who knowingly  
19 fails to file a financial disclosure statement required pursuant to section  
20 ~~38-542~~ 18-444, 38-543 or 38-545, who knowingly files an incomplete financial  
21 disclosure statement or who knowingly files a false financial disclosure  
22 statement is guilty of a class 1 misdemeanor.

23           B. Any public officer, local public officer or candidate who violates  
24 this chapter is subject to a civil penalty of fifty dollars for each day of  
25 noncompliance but not more than five hundred dollars that may be imposed as  
26 prescribed in section 16-924.

27           Sec. 21. Section 41-121, Arizona Revised Statutes, is amended to read:  
28           41-121. Duties

29           A. The secretary of state shall:

30           1. Receive bills and resolutions from the legislature, and perform  
31 such other duties as devolve ~~upon~~ ON the secretary of state by resolution of  
32 the two houses or either of them.

33           2. Keep a register of and attest the official acts of the governor.

34           3. Act as custodian of the great seal of this state.

35           4. Affix the great seal, with the secretary of state's attestation, to  
36 public instruments to which the official signature of the governor is  
37 attached.

38           5. File in the secretary of state's office receipts for all books  
39 distributed by the secretary of state and direct the county recorder of each  
40 county to do the same.

41           6. Certify to the governor the names of those persons who have  
42 received at any election the highest number of votes for any office, the  
43 incumbent of which is commissioned by the governor.

44           7. Publish slip laws of each act of the legislature promptly ~~upon~~ ON  
45 passage and approval of such act, make such acts available to interested

1 persons for a reasonable fee to compensate for the cost of printing and  
2 provide each house of the legislature and the legislative council with a  
3 certified copy of each bill or resolution, showing the chapter or resolution  
4 number of each, as each is filed in the secretary of state's office.

5 8. Keep a fee book of fees and compensation of whatever kind and  
6 nature earned, collected or charged by the secretary of state, with the date,  
7 the name of the payer and the nature of the service in each case. The fee  
8 book shall be verified annually by the secretary of state's affidavit entered  
9 in the fee book.

10 9. Perform other duties imposed on the secretary of state by law.

11 10. Report to the governor on January 2 each year, and at such other  
12 times as provided by law, a detailed account of the secretary of state's  
13 official actions taken since the secretary of state's previous report  
14 together with a detailed statement of the manner in which all appropriations  
15 for the secretary of state's office have been expended.

16 11. Transfer all noncurrent or inactive books, records, deeds and other  
17 papers otherwise required to be filed with or retained by the secretary of  
18 state to the custody of the Arizona state library, archives and public  
19 records.

20 12. Make available to the public, without charge, title 33, chapters 10  
21 and 11 on the secretary of state's website.

22 13. Accept, and approve for use, electronic and digital signatures that  
23 comply with section ~~41-132~~ 18-442, for documents filed with and by all state  
24 agencies, boards and commissions. In consultation with the department of  
25 administration and the state treasurer, the secretary of state shall adopt  
26 rules pursuant to chapter 6 of this title establishing policies and  
27 procedures for the use of electronic and digital signatures by all state  
28 agencies, boards and commissions for documents filed with and by all state  
29 agencies, boards and commissions.

30 14. Meet at least annually with personnel from the federal voting  
31 assistance office of the United States department of defense and with county  
32 recorders and other county election officials in this state to coordinate the  
33 delivery and return of registrations, ballot requests, voted ballots and  
34 other election materials to and from absent uniformed and overseas citizens.

35 B. The secretary of state may refuse to perform a service or refuse a  
36 filing based on a reasonable belief that the service or filing is being  
37 requested for an unlawful, illegitimate, false or fraudulent purpose or is  
38 being requested or submitted in bad faith or for the purpose of harassing or  
39 defrauding a person or entity. This subsection does not apply to election  
40 filings.

41 Sec. 22. Section 41-352, Arizona Revised Statutes, is amended to read:  
42 41-352. Applicability of article; electronic signature laws

43 A. Any notarial act in which a person by oath or affirmation signs a  
44 document may be performed electronically as prescribed by this article if

1 under applicable law that document may be signed with an electronic  
2 signature.

3 B. Unless otherwise expressly prohibited by law, the following  
4 notarial acts, terms and entities have the same legal effect as those  
5 prescribed by article 2 of this chapter:

- 6 1. Electronic acknowledgment as acknowledgment.
- 7 2. Electronic oath as oath.
- 8 3. Electronic jurat as jurat.
- 9 4. Electronic affidavit as affidavit.
- 10 5. Electronic notarial act as notarial act.
- 11 6. Electronic notarial certificate token as notarial certificate.
- 12 7. Electronic notary as notary.

13 C. An electronic commission is a commission to perform only electronic  
14 notary acts and only an electronic notary is authorized to perform electronic  
15 notary acts.

16 D. Unless otherwise expressly prohibited by law, any electronic  
17 notarial act may be performed by either:

18 1. An act in the presence of an electronic notary as prescribed by  
19 this article.

20 2. An electronic notarial service as prescribed by this article for  
21 which the person signing appears before an electronic notary and by oath or  
22 affirmation acknowledges that any notary service electronic document that is  
23 created by the person pursuant to this article has the same legal force and  
24 effect as if the person appeared before an electronic notary and by oath or  
25 affirmation executed an electronic notarial act.

26 E. Section ~~41-132~~ 18-442 applies in conjunction with this article to  
27 electronic signatures used by electronic notaries.

28 F. This article applies to electronic notarial acts that are performed  
29 by electronic notaries who are appointed in this state and applies only to  
30 their acts performed in the United States.

31 Sec. 23. Section 41-1277, Arizona Revised Statutes, is amended to  
32 read:

33 41-1277. Joint legislative budget committee; annual report;  
34 debt; definitions

35 A. On or before January 31 of each year, the joint legislative budget  
36 committee staff shall present to the appropriations committees of the senate  
37 and the house of representatives a report on state debt and obligations,  
38 including:

- 39 1. Outstanding general obligation bonds.
- 40 2. Long-term notes and obligations.
- 41 3. Certificates of participation and other obligations pursuant to any  
42 lease-purchase agreements.
- 43 4. Revenue bonds.
- 44 5. Deferred rollover payment obligations.

45 B. The report shall contain, for the most recent fiscal year:

- 1           1. The statewide aggregate level of outstanding principal and the  
2 principal and interest payments, by type of debt or obligation. The report  
3 shall be based on data available from the searchable database required by  
4 section ~~41-4604~~ 18-304.
- 5           2. Itemization, by budget unit, of the original due date of each  
6 deferred payment for deferred rollover payment obligations, the amount of  
7 interest paid to date due to the deferral and the amount of yearly interest  
8 to be paid in the most recent and the next fiscal year due to the deferral.
- 9           3. Information on per capita state debt and obligations.
- 10          4. Information on the ten year history of state debt and obligations  
11 based on available data.
- 12          C. The report and a link to the searchable database required by  
13 section ~~41-4604~~ 18-304 shall be posted on the joint legislative budget  
14 committee's website, and a copy of the report shall be provided to any member  
15 of the public who makes a request.
- 16          D. For the purposes of this section:
- 17           1. "Deferred rollover payment obligation" means an obligation to make  
18 a payment in a fiscal year that was due in and deferred from a previous  
19 fiscal year.
- 20           2. "State debt and obligations" means debt and obligations whose  
21 principal or interest is paid with state funds.
- 22          Sec. 24. Section 41-1504, Arizona Revised Statutes, is amended to  
23 read:
- 24           41-1504. Powers and duties; e-verify requirement
- 25          A. The board of directors, on behalf of the authority, may:
- 26           1. Adopt and use a corporate seal.
- 27           2. Sue and be sued.
- 28           3. Enter into contracts as necessary to carry out the purposes and  
29 requirements of this chapter, including intergovernmental agreements pursuant  
30 to title 11, chapter 7, article 3 and interagency service agreements as  
31 provided by section 35-148.
- 32           4. Lease real property and improvements to real property for the  
33 purposes of the authority. Leases by the authority are exempt from chapter  
34 4, article 7 of this title, relating to management of state properties.
- 35           5. Employ or retain legal counsel and other consultants as necessary  
36 to carry out the purposes of the authority.
- 37           6. Develop and use written policies, procedures and guidelines for the  
38 terms and conditions of employing officers and employees of the authority and  
39 may include background checks of appropriate personnel.
- 40          B. The board of directors, on behalf of the authority, shall:
- 41           1. Develop comprehensive long-range strategic economic plans for this  
42 state and submit the plans to the governor.
- 43           2. Annually update a strategic economic plan for submission to the  
44 governor.

1           3. Accept gifts, grants and loans and enter into contracts and other  
2 transactions with any federal or state agency, municipality, private  
3 organization or other source.

4           C. The authority shall:

5           1. Assess and collect fees for processing applications and  
6 administering incentives. The board shall adopt the manner of computing the  
7 amount of each fee to be assessed. Within thirty days after proposing fees  
8 for adoption, the chief executive officer shall submit a schedule of the fees  
9 for review by the joint legislative budget committee. It is the intent of  
10 the legislature that a fee shall not exceed one ~~per-cent~~ PERCENT of the  
11 amount of the incentive.

12           2. Determine and collect registry fees for the administration of the  
13 allocation of federal tax exempt industrial development bonds and student  
14 loan bonds authorized by the authority. Such monies collected by the  
15 authority shall be deposited, pursuant to sections 35-146 and 35-147, in an  
16 authority bond fund. Monies in the fund shall be used, subject to annual  
17 appropriation by the legislature, by the authority to administer the  
18 allocations provided in this paragraph and are exempt from the provisions of  
19 section 35-190 relating to the lapsing of appropriations.

20           3. Determine and collect security deposits for the allocation, for the  
21 extension of allocations and for the difference between allocations and  
22 principal amounts of federal tax exempt industrial development bonds and  
23 student loan bonds authorized by the authority. Security deposits forfeited  
24 to the authority shall be deposited in the state general fund.

25           4. At the direction of the board, establish and supervise the  
26 operations of full-time or part-time offices in other states and foreign  
27 countries for the purpose of expanding direct investment and export trade  
28 opportunities for businesses and industries in this state if, based on  
29 objective research, the authority determines that the effort would be  
30 beneficial to the economy of this state.

31           5. Establish a program by which entrepreneurs become aware of permits,  
32 licenses or other authorizations needed to establish, expand or operate in  
33 this state.

34           6. Be the state registration agency for apprenticeship functions  
35 prescribed by the federal government.

36           D. The authority, through the chief executive officer, may:

37           1. Contract and incur obligations reasonably necessary or desirable  
38 within the general scope of the authority's activities and operations to  
39 enable the authority to adequately perform its duties.

40           2. Use monies, facilities or services to provide matching  
41 contributions under federal or other programs that further the objectives and  
42 programs of the authority.

43           3. Accept gifts, grants, matching monies or direct payments from  
44 public or private agencies or private persons and enterprises for the conduct

1 of programs that are consistent with the general purposes and objectives of  
2 this chapter.

3 4. Assess business fees for promotional services provided to  
4 businesses that export products and services from this state. The fees shall  
5 not exceed the actual costs of the services provided.

6 5. Establish and maintain one or more accounts in banks or other  
7 depositories, for public or private monies of the authority, from which  
8 operational activities, including payroll, vendor and grant payments, may be  
9 conducted. Individual funds that are established by law under the  
10 jurisdiction of the authority may be maintained in separate accounts in banks  
11 or other depositories, but shall not be commingled with any other monies or  
12 funds of the authority.

13 E. The chief executive officer shall:

14 1. Hire employees and prescribe the terms and conditions of their  
15 employment as necessary to carry out the purposes of the authority. The  
16 board of directors shall adopt written policies, procedures and guidelines,  
17 similar to those adopted by the department of administration, regarding  
18 officer and employee compensation, observed holidays, leave and reimbursement  
19 of travel expenses and health and accident insurance. The officers and  
20 employees of the authority are exempt from any laws regulating state  
21 employment, including:

22 (a) Chapter 4, articles 5 and 6 of this title, relating to state  
23 service.

24 (b) Title 38, chapter 4, article 1 and chapter 5, article 2, relating  
25 to state personnel compensation, leave and retirement.

26 (c) Title 38, chapter 4, article 2, relating to reimbursement of state  
27 employee expenses.

28 (d) Title 38, chapter 4, article 4, relating to health and accident  
29 insurance.

30 2. On a quarterly basis, provide public record data in a manner  
31 prescribed by the department of administration related to the authority's  
32 revenues and expenditures for inclusion in the comprehensive database of  
33 receipts and expenditures of state monies pursuant to section 41-725.

34 F. In addition to any other requirement, in order to qualify for any  
35 grant, loan, reimbursement, tax incentive or other economic development  
36 incentive pursuant to this chapter, an applicant that is an employer must  
37 register with and participate in the e-verify program in compliance with  
38 section 23-214. The authority shall require verification of compliance with  
39 this subsection as part of any application process.

40 G. Notwithstanding any other law, the authority is subject to chapter  
41 3.1, article 1 of this title, relating to risk management.

42 H. The authority is exempt from [TITLE 18](#), chapter ~~32~~ 1, articles 1 and  
43 ~~2 of this title~~, relating to statewide information technology. The authority  
44 shall adopt policies, procedures and guidelines regarding information  
45 technology.

1 I. The authority is exempt from state general accounting and finance  
2 practices and rules adopted pursuant to chapter 4, article 3 of this title,  
3 but the board shall adopt written accounting practices, systems and  
4 procedures for the economic and efficient operation of the authority.

5 J. The authority is exempt from section 41-712, relating to the  
6 installation and maintenance of ~~telecommunications~~ TELECOMMUNICATION systems.

7 K. The authority may lease or purchase motor vehicles for use by  
8 employees to conduct business activities. The authority is exempt from  
9 section 41-803, relating to the state motor vehicle fleet, and title 38,  
10 chapter 3, article 10, relating to vehicle usage and markings.

11 L. Any tangible or intangible record submitted to or compiled by the  
12 board or the authority in connection with its work, including the award of  
13 monies, is subject to title 39, chapter 1, unless an applicant shows, or the  
14 board or authority determines, that specific information meets either of the  
15 following:

16 1. If made public, the information would divulge the applicant's or  
17 potential applicant's trade secrets, as defined in section 44-401.

18 2. If made public, the information could potentially harm the  
19 applicant's, ~~THE~~ potential applicant's or this state's competitive position  
20 relating to potential business development opportunities and strategies.

21 M. The authority is exempt from chapter 25, article 1 of this title,  
22 relating to government competition with private enterprise.

23 Sec. 25. Section 41-2513, Arizona Revised Statutes, is amended to  
24 read:

25 41-2513. Authority to contract for certain services

26 A. For the purpose of procuring the services of clergy, certified  
27 public accountants, legal counsel pursuant to section 41-192, subsection D,  
28 physicians or dentists as defined by the laws of this state, any state  
29 governmental unit may act as a purchasing agency and contract on its own  
30 behalf for such services, subject to this chapter and rules adopted by the  
31 director.

32 B. In accordance with ~~the provisions of~~ section 41-192, subsection D  
33 and notwithstanding any contrary statute, no contract for the services of  
34 legal counsel may be awarded without the approval of the attorney general.

35 C. The auditor general shall approve state agency contracting for  
36 financial and compliance auditing services except if specific statutory  
37 authority is otherwise provided. The auditor general shall ensure that such  
38 contract audits are conducted in accordance with generally accepted  
39 governmental auditing standards. An audit shall not be accepted until it has  
40 been approved by the auditor general.

41 D. The department may approve all information technology purchases  
42 exceeding twenty-five thousand dollars for a budget unit as defined in  
43 section ~~41-3501~~ 18-101. Purchases shall not be artificially divided to avoid  
44 review.



1 E. Payment for any services, including those services described in  
2 subsections A, B and C of this section, procured under this chapter shall not  
3 be made unless pursuant to a fully approved written contract.

4 Sec. 26. Section 41-3016.06, Arizona Revised Statutes, is amended to  
5 read:

6 41-3016.06. Department of administration; termination July 1,  
7 2016

8 A. The department of administration terminates on July 1, 2016.

9 B. TITLE 18, CHAPTER 1 AND title 41, chapter 4, articles 1, 2, 3, 4, 5  
10 and 7 ~~and chapter 32~~ are repealed on January 1, 2017.

11 Sec. 27. Section 44-7011, Arizona Revised Statutes, is amended to  
12 read:

13 44-7011. Notarization; acknowledgment

14 Notwithstanding title 41, chapter 2, article 2, if the law requires a  
15 signature or record to be notarized, acknowledged, verified or made under  
16 oath, that requirement is satisfied if a notary completes a notarial act on  
17 the electronic message or document. That notarial act on the electronic  
18 message or document is complete without the imprint of the notary's seal if  
19 all of the following apply:

20 1. The electronic message or document is signed pursuant to this  
21 chapter or section ~~41-132~~ 18-442 in the presence of a notary.

22 2. The notary confirms that the electronic signature on the electronic  
23 message or document is verifiably the electronic signature issued to the  
24 signer pursuant to this chapter or section ~~41-132~~ 18-442.

25 3. The notary electronically signs with an electronic signature that  
26 is consistent with this chapter, ~~any electronic notary law~~ TITLE 41, CHAPTER  
27 2, ARTICLE 3 or any other applicable law.

28 4. The following information appears electronically within the message  
29 electronically signed by the notary:

30 (a) The notary's full name and commission number exactly as it appears  
31 on the notary's commission.

32 (b) The words "electronic notary public", "state of Arizona" and "my  
33 commission expires on (date)".

34 (c) The address of the notary's principal place of contact exactly as  
35 it appears on the notary's commission.

36 (d) The notary's e-mail or other electronic address exactly as it  
37 appears on the notary's commission.

38 Sec. 28. Section 44-7041, Arizona Revised Statutes, is amended to  
39 read:

40 44-7041. Creation; retention; conversion of written records

41 A. Each governmental agency shall determine if, and the extent to  
42 which, the governmental agency will create and retain electronic records and  
43 convert written records to electronic records. Any governmental agency that  
44 is subject to the management, preservation, determination of value and  
45 disposition of records requirements prescribed in sections 41-151.12,

1 41-151.13, 41-151.14, 41-151.15, 41-151.16, 41-151.17, 41-151.18 and  
2 41-151.19 and the permanent public records requirements prescribed in section  
3 39-101 shall comply with those requirements.

4 B. State agencies shall comply with the standards adopted by the  
5 department of administration pursuant to title ~~41~~ 18, chapter ~~32~~ 1.

6 C. All governmental agencies shall comply with the policies that are  
7 established by the secretary of state pursuant to section ~~41-132~~ 18-442 and  
8 that apply to the use of electronic signatures.

9 Sec. 29. Section 44-7042, Arizona Revised Statutes, is amended to  
10 read:

11 44-7042. Sending and accepting electronic records

12 A. Except as otherwise provided in section 44-7012, subsection E, each  
13 governmental agency shall determine if, and the extent to which, the  
14 governmental agency will send and accept electronic records and electronic  
15 signatures to and from other persons and otherwise create, generate,  
16 communicate, store, process, use and rely on electronic records and  
17 electronic signatures. State agencies shall comply with the appropriate  
18 standards and policies adopted or established by the department of  
19 administration pursuant to title ~~41~~ 18, chapter ~~32~~ 1 and the secretary of  
20 state pursuant to section ~~41-132~~ 18-442.

21 B. To the extent that a governmental agency uses electronic records  
22 and electronic signatures pursuant to subsection A of this section, the  
23 governmental agency after giving due consideration to security may specify:

24 1. The manner and format in which the electronic records must be  
25 created, generated, sent, communicated, received and stored and the systems  
26 established for those purposes.

27 2. If electronic records must be signed by electronic means, the type  
28 of electronic signature required, the manner and format in which the  
29 electronic signature must be affixed to the electronic record and the  
30 identity of or criteria that must be met by any third party used by a person  
31 filing a document to facilitate the process.

32 3. Control processes and procedures as appropriate to ensure adequate  
33 preservation, disposition, integrity, security, confidentiality and ability  
34 to perform audits of electronic records.

35 4. Any other required attributes for electronic records that are  
36 specified for corresponding nonelectronic records or that are reasonably  
37 necessary under the circumstances.

38 C. Except as otherwise provided in section 44-7012, subsection E, this  
39 chapter does not require a governmental agency to use or allow the use of  
40 electronic records or electronic signatures.

1           Sec. 30. Section 47-9525, Arizona Revised Statutes, is amended to  
2 read:

3           47-9525. Fees

4           A. Except as otherwise provided in subsection E of this section and  
5 except for a filing office described in section 47-9501, subsection A,  
6 paragraph 1, the fee for filing and indexing a record under this article,  
7 other than an initial financing statement of the kind described in section  
8 47-9502, subsection C, is not more than nine dollars as provided in sections  
9 18-441 AND 41-126 ~~and 41-127~~, if the record is communicated in writing or by  
10 any other medium authorized by filing office rule.

11           B. Except as otherwise provided in subsection E of this section, the  
12 fee for filing and indexing an initial financing statement of the kind  
13 described in section 47-9502, subsection C is not more than nine dollars as  
14 provided in sections 18-441 AND 41-126 ~~and 41-127~~ if the financing statement  
15 indicates that it is filed in connection with a manufactured home  
16 transaction.

17           C. The number of names required to be indexed does not affect the  
18 amount of the fee in subsections A and B of this section.

19           D. The fee for responding to a request for information from the filing  
20 office, including for issuing a certificate showing whether there is on file  
21 any financing statement naming a particular debtor, is not more than nine  
22 dollars as provided in sections 18-441 AND 41-126 ~~and 41-127~~ if the request  
23 is communicated in writing or by any other medium authorized by filing office  
24 rule.

25           E. This section does not require a fee with respect to a record of a  
26 mortgage that is effective as a financing statement filed as a fixture filing  
27 or as a financing statement covering as-extracted collateral or timber to be  
28 cut under section 47-9502, subsection C. However, the recording and  
29 satisfaction fees that otherwise would be applicable to the record of the  
30 mortgage apply.

31           F. The filing fee for filing, indexing and furnishing filing data  
32 about a statement of master amendment pursuant to section 47-9512, subsection  
33 F or master assignment pursuant to section 47-9514, subsection D is not more  
34 than four hundred fifty dollars plus fifty cents for each financing statement  
35 covered by the master statement in excess of fifty financing statements.

36           Sec. 31. Laws 2006, chapter 232, section 3 is amended to read:

37           Sec. 3. Conditional repeal; notice

38           A. ~~Title 44, chapter 32~~ SECTION 18-545, Arizona Revised Statutes, ~~as~~  
39 ~~added by this act,~~ is repealed one year after the effective date of the  
40 federal personal data privacy and security act.

41           B. The attorney general shall notify in writing the director of the  
42 Arizona legislative council of this date.