

REFERENCE TITLE: budget procedures; budget reconciliation; 2018-2019

State of Arizona  
Senate  
Fifty-third Legislature  
Second Regular Session  
2018

## **SB 1524**

Introduced by  
Senators Yarbrough: Kavanagh (with permission of Committee on Rules)

### AN ACT

AMENDING SECTIONS 18-121, 18-401, 28-2351, 28-2402, 28-2473, 28-2474, 28-2475, 28-2481, 28-8423, 34-225, 35-101, 35-111, 35-113, 35-114, 35-115, 35-121, 35-122, 38-737, 38-803, 38-832, 38-840.01, 38-848, 38-848.02, 38-866 AND 38-883, ARIZONA REVISED STATUTES; REPEALING SECTION 40-443, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 4, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-708; AMENDING SECTIONS 41-714, 41-750 AND 41-791.02, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 4, ARTICLE 7, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-792.02; AMENDING SECTION 41-1279, ARIZONA REVISED STATUTES; REPEALING SECTION 41-1361, ARIZONA REVISED STATUTES; AMENDING SECTIONS 41-1362, 41-1363, 41-1364 AND 41-1365, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO STATE BUDGET PROCEDURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 18-121, Arizona Revised Statutes, is amended to  
3 read:

4 18-121. Information technology authorization committee;  
5 members; terms; duties; compensation; definition

6 A. The information technology authorization committee is  
7 established consisting of the following members:

8 1. One member of the house of representatives who is appointed by  
9 the speaker of the house of representatives and who shall serve as an  
10 advisory member.

11 2. One member of the senate who is appointed by the president of  
12 the senate and who shall serve as an advisory member.

13 3. Four members from private industry who are appointed by the  
14 governor pursuant to section 38-211, or their designees, and who are  
15 knowledgeable in information technology.

16 4. One local government member and one federal government member  
17 who are appointed by the governor and who shall serve as advisory members.

18 5. Two members who are directors of state agencies and who are  
19 appointed by the governor, or their designees.

20 6. The administrative director of the courts or the director's  
21 designee.

22 7. The director of the department of administration or the  
23 director's designee, who shall be the chairperson of the committee but for  
24 all other purposes shall serve as an advisory member.

25 8. Two members from either private industry or state government who  
26 are appointed by the governor, or their designees.

27 9. The staff director of the joint legislative budget committee, or  
28 the staff director's designee, who shall serve as an advisory member.

29 B. Committee members who are from private industry serve two-year  
30 terms. The other members serve at the pleasure of their appointing  
31 officers.

32 C. For all budget units and the legislative and judicial branches  
33 of state government, the committee shall:

34 1. Review established statewide information technology standards  
35 and the statewide information technology plan.

36 2. Review the minimum qualifications established by the director  
37 for each position authorized for the department for information  
38 technology.

39 3. Approve or disapprove all proposed information technology  
40 projects, including project changes and contract amendments, that exceed a  
41 total cost of one million dollars, excluding public monies from county,  
42 municipal and other political subdivision sources that are not deposited  
43 in a state fund. **THE COMMITTEE SHALL ALSO APPROVE OR DISAPPROVE ANY**  
44 **PROPOSED INFORMATION TECHNOLOGY PROJECT INVOLVING MORE THAN ONE BUDGET**  
45 **UNIT IF THE COLLECTIVE TOTAL DEVELOPMENT COST OF THE PROJECT IS EXPECTED**

1 TO BE MORE THAN ONE MILLION DOLLARS. As part of a budget request for an  
2 information technology project that has total costs of more than one  
3 million dollars, a budget unit and the legislative and judicial branches  
4 of state government shall indicate the status of review by the  
5 committee. Projects shall not be artificially divided to avoid review by  
6 the committee.

7 4. Develop a report format that incorporates the ~~life-cycle~~  
8 LIFE-CYCLE analysis for use in submitting project requests to the  
9 committee.

10 5. Require expenditure and activity reports from a budget unit or  
11 the legislative or judicial branch of state government on implementing  
12 information technology projects approved by the committee.

13 6. Conduct periodic reviews on the progress of implementing  
14 information technology projects approved by the committee.

15 7. Monitor information technology projects that the committee  
16 considers to be major or critical.

17 8. Temporarily suspend the expenditure of monies if the committee  
18 determines that the information technology project is at risk of failing  
19 to achieve its intended results or does not comply with the requirements  
20 of this chapter.

21 9. Hear and decide appeals made by budget units regarding the  
22 department's rejection of their proposed information technology plans or  
23 projects.

24 10. Report to the governor, the speaker of the house of  
25 representatives, the president of the senate and the secretary of state at  
26 least annually on all matters concerning its objectives. This includes:

27 (a) Its review of the statewide information technology plan  
28 developed by the department.

29 (b) The findings and conclusions of its periodic reviews.

30 (c) Its recommendations on desirable legislation relating to  
31 information technology.

32 11. Adopt rules it deems necessary or desirable to further the  
33 objectives and programs of the committee.

34 D. The committee shall meet at the call of the chairperson.

35 E. Members of the committee are not eligible to receive  
36 compensation but are eligible to receive reimbursement for expenses  
37 pursuant to title 38, chapter 4, article 2.

38 F. For the purposes of this section, "advisory member" means a  
39 member who gives advice to the other members of the committee at committee  
40 meetings but who is not eligible to vote and is not a member for purposes  
41 of determining whether a quorum is present.

1           Sec. 2. Section 18-401, Arizona Revised Statutes, is amended to  
2 read:

3           18-401. Information technology fund

4           A. The information technology fund is established for use by the  
5 department and the committee. Monies in the fund are subject to  
6 legislative appropriation.

7           B. State agencies **THAT ARE** subject to section 41-750, all budget  
8 units and the legislative and judicial branches of state government shall  
9 contribute a pro rata share of the overall cost of information technology  
10 services provided by the department or committee. The pro rata share is  
11 payable by payroll fund source, and the resultant amount shall be  
12 deposited in the information technology fund. For all budget units and  
13 the legislative and judicial branches of state government, the pro rata  
14 share ~~shall be .20 per cent~~ **IS .30 PERCENT** of the total payroll. Total  
15 payroll includes all fund sources, including the state general fund,  
16 federal monies, special revenue funds, intergovernmental revenue monies,  
17 trust funds and other payroll fund sources.

18           C. A claim for the pro rata share percentage payment shall be  
19 submitted according to the fund source, with the accompanying payroll, to  
20 the department of administration for deposit in the information technology  
21 fund.

22           D. Notwithstanding section 35-190, monies in the information  
23 technology fund do not revert to the state general fund at the end of each  
24 fiscal year.

25           Sec. 3. Section 28-2351, Arizona Revised Statutes, is amended to  
26 read:

27           28-2351. License plate provided; design

28           A. **NOTWITHSTANDING ANY OTHER LAW**, the department shall provide to  
29 every owner one license plate for each vehicle registered. At the request  
30 of the owner and on payment of ~~any required~~ **A fee IN AN AMOUNT PRESCRIBED**  
31 **BY THE DIRECTOR BY RULE**, the department shall provide ~~either one or two~~  
32 **ADDITIONAL license plates PLATE** for a vehicle for which a special plate is  
33 requested pursuant to this chapter, ~~except that the department shall~~  
34 ~~provide one license plate if the special plate is issued pursuant to~~  
35 ~~section 28-2416 or 28-2416.01.~~

36           B. The license plate shall display the number assigned to the  
37 vehicle and to the owner of the vehicle and the name of this state, which  
38 may be abbreviated. The director shall coat the license plate with a  
39 reflective material that is consistent with the determination of the  
40 department regarding the color and design of license plates and special  
41 plates. The director shall design the license plate and the letters and  
42 numerals on the license plate to be of sufficient size to be plainly  
43 readable during daylight from a distance of one hundred feet. In addition  
44 to the standard license plate issued for a trailer before August 12, 2005,  
45 the director shall issue a license plate for trailers that has a design

1 that is similar to the standard size license plate for trailers but that  
2 is the same size as the license plate for motorcycles. The trailer owner  
3 shall notify the department which size license plate the owner wants for  
4 the trailer.

5 C. Notwithstanding any other law, the department shall not contract  
6 with a nongovernmental entity to purchase or secure reflective material  
7 for the plates issued by the department unless the department has made a  
8 reasonable effort to secure qualified bids or proposals from as many  
9 individual responsible respondents as possible.

10 D. The department shall determine the color and design of the  
11 license plate. All other plates issued by the department, except the  
12 plates issued pursuant to sections 28-2404, 28-2412, 28-2413, 28-2414,  
13 28-2416, 28-2416.01, 28-2417 through 28-2462, 28-2472, 28-2473, 28-2474,  
14 28-2475 and 28-4533 and article 14 of this chapter, shall be the same  
15 color as and similar in design to the license plate as determined by the  
16 department.

17 E. A passenger motor vehicle THAT IS rented without a driver shall  
18 receive the same type of license plate as IS issued for a private  
19 passenger motor vehicle.

20 Sec. 4. Section 28-2402, Arizona Revised Statutes, is amended to  
21 read:

22 28-2402. Special plate fees

23 The following fees are required:

24 1. Twenty-five dollars for each ~~pair of~~ original and for each  
25 annual renewal of special plates issued under this article, except special  
26 plates for hearing impaired persons issued under section 28-2408 and  
27 international symbol of access special plates issued under section  
28 28-2409.

29 2. Twelve dollars for a transfer of special plates, unless exempt  
30 pursuant to section 28-2403.

31 Sec. 5. Section 28-2473, Arizona Revised Statutes, is amended to  
32 read:

33 28-2473. Former prisoner of war license plates; fees

34 A. The department shall issue distinctive license plates to:

35 1. A person, other than a person who was discharged from the armed  
36 forces under conditions less than honorable, who submits satisfactory  
37 proof to the department that the person was captured and incarcerated by  
38 an enemy of the United States during a period of conflict with the United  
39 States.

40 2. The immediate family member of a person who has been issued a  
41 license plate pursuant to this section.

42 B. For each ~~pair of~~ original license ~~plates~~ PLATE issued pursuant  
43 to this section, the department shall collect a fee of fifteen dollars in  
44 addition to the registration fee required by section 28-2003. For each  
45 annual renewal of license plates issued pursuant to this section, the

1 department shall charge a fee of five dollars in addition to the  
2 registration fee required by section 28-2003. The department shall  
3 deposit, pursuant to sections 35-146 and 35-147, the fifteen dollar fee as  
4 a donation in the veterans' donations fund established by section 41-608.

5 Sec. 6. Section 28-2474, Arizona Revised Statutes, is amended to  
6 read:

7 28-2474. Purple heart medal recipient license plates; fees

8 A. The department shall issue distinctive license plates to:

9 1. A person who submits satisfactory proof to the department that  
10 the person is a veteran and a bona fide purple heart medal recipient.

11 2. The immediate family member of a person who has been issued a  
12 license plate pursuant to this section.

13 B. For each ~~pair of~~ original license ~~plates~~ PLATE issued pursuant  
14 to this section, the department shall collect a fee of twenty-five dollars  
15 in addition to the registration fee required by section 28-2003. For each  
16 annual renewal of license plates issued pursuant to this section, the  
17 department shall charge a fee of five dollars in addition to the  
18 registration fee required by section 28-2003. The department shall  
19 deposit, pursuant to sections 35-146 and 35-147, the twenty-five dollar  
20 fee as a donation in the veterans' donations fund established by section  
21 41-608.

22 Sec. 7. Section 28-2475, Arizona Revised Statutes, is amended to  
23 read:

24 28-2475. Pearl Harbor survivor license plates; fees

25 A. The department shall issue distinctive license plates to:

26 1. A person who submits satisfactory proof from the department of  
27 veterans' services to the department of transportation that all of the  
28 following are true:

29 (a) The person was a member of the United States armed forces on  
30 December 7, 1941.

31 (b) The person received an honorable discharge from the United  
32 States armed forces.

33 (c) The person was on station on December 7, 1941 during the hours  
34 of 7:55 a.m. to 9:45 a.m. Hawaii time at Pearl Harbor, the island of Oahu  
35 or offshore at a distance not exceeding three miles.

36 2. The immediate family member of a person who has been issued a  
37 license plate pursuant to this section.

38 B. For each ~~pair of~~ original license ~~plates~~ PLATE issued pursuant  
39 to this section, the department shall collect a fee of twenty-five dollars  
40 in addition to the registration fee required by section 28-2003. For each  
41 annual renewal of license plates issued pursuant to this section, the  
42 department shall charge a fee of five dollars in addition to the  
43 registration fee required by section 28-2003. The department shall  
44 deposit, pursuant to sections 35-146 and 35-147, the twenty-five dollar

1 fee as a donation in the veterans' donations fund established by section  
2 41-608.

3 Sec. 8. Section 28-2481, Arizona Revised Statutes, is amended to  
4 read:

5 28-2481. Historic value license plate fees

6 In addition to the payment of all other fees required by law, the  
7 following fees are required for license plates issued pursuant to this  
8 article:

9 1. For each ~~pair of~~ original license ~~plates~~ PLATE, twenty-five  
10 dollars.

11 2. For each annual renewal of the license ~~plates~~ PLATE, ten  
12 dollars.

13 Sec. 9. Section 28-8423, Arizona Revised Statutes, is amended to  
14 read:

15 28-8423. Airport land lease; nonprofit corporation

16 A. If the department, in the operation and maintenance of the Grand  
17 Canyon national park airport, or if a city, town or county has leased or  
18 leases land owned by it to a nonprofit corporation for airport or air  
19 terminal purposes pursuant to a lease agreement that provides that title  
20 to all buildings, structures and additions made or added to the leased  
21 premises by the nonprofit corporation vests in the state, city, town or  
22 county in the manner and subject to the restrictions contained in the  
23 agreement, the agreement as it exists or as it may be amended, renewed or  
24 extended is binding and effective pursuant to its terms.

25 B. An amendment, renewal or extension to the agreement is binding  
26 and effective if the agreement complies with section 28-8425, subsection  
27 A, paragraph 1 whether or not:

28 1. It resulted or results in a renewal or extension of the original  
29 term in excess of twenty-five years.

30 2. Any bidding, notice or other requirements of section 28-8425  
31 have or have not been met.

32 C. If a lease between the department and a nonprofit corporation  
33 for the operation and maintenance of the Grand Canyon national park  
34 airport is terminated, the department may spend any airport revenues,  
35 including both those unexpended and unencumbered revenues returned by the  
36 lessee and those revenues received after the termination of the lease for  
37 the operation of the airport, until the airport is leased to another  
38 nonprofit corporation or for the remainder of the then current ~~biennial~~  
39 budget cycle, whichever occurs first.

40 Sec. 10. Section 34-225, Arizona Revised Statutes, is amended to  
41 read:

42 34-225. Governmental mall; private and public development;  
43 construction contracts; limitations

44 A political subdivision of ~~the~~ THIS state may not authorize,  
45 pursuant to its planning and zoning or other powers, the private or public

1 development of structures or sites or award a construction contract for  
2 new buildings or improvements within the governmental mall ~~comprised~~  
3 ~~COMPOSED~~ of the area described in section 41-1362 without a request for  
4 permission from, and written approval by, the ~~legislative governmental~~  
5 ~~mall commission~~ DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION.

6 Sec. 11. Section 35-101, Arizona Revised Statutes, is amended to  
7 read:

8 ~~35-101. Definitions~~

9 In this chapter, unless the context otherwise requires:

10 1. "Allotment" means the allocation of an appropriation or other  
11 fund source over a full fiscal year within a budget program or expenditure  
12 class.

13 ~~2. "Annual budget unit" means the following agencies:~~

14 ~~(a) The department of education.~~

15 ~~(b) The Arizona board of regents.~~

16 ~~(c) Arizona state university.~~

17 ~~(d) The university of Arizona.~~

18 ~~(e) Northern Arizona university.~~

19 ~~(f) The school facilities board.~~

20 ~~(g) The department of economic security.~~

21 ~~(h) The state department of corrections.~~

22 ~~(i) The department of juvenile corrections.~~

23 ~~(j) The Arizona health care cost containment system.~~

24 ~~(k) The department of health services.~~

25 ~~(l) The department of administration.~~

26 ~~(m) The department of transportation.~~

27 ~~(n) The judiciary, including the supreme court, the court of~~  
28 ~~appeals and the superior court.~~

29 ~~(o) The department of child safety.~~

30 ~~3.~~ 2. "Authorized agent" means a commercial enterprise that is  
31 contracted to process transactions on behalf of a state agency.

32 ~~4. "Biennial budget unit" means any department, commission, board,~~  
33 ~~institution or other agency of the state organization receiving, expending~~  
34 ~~or disbursing state funds or incurring obligations against the state that~~  
35 ~~is not an annual budget unit.~~

36 ~~5.~~ 3. "Budget estimates" means statements with accompanying  
37 explanations, as provided by this chapter, in which a budget unit states  
38 its financial requirements and requests appropriations.

39 ~~6.~~ 4. "Budget program" means functions and activities of a budget  
40 unit or within a budget unit that are preplanned to fulfill a distinct  
41 mission.

42 ~~7.~~ 5. "Budget unit" means any department, commission, board,  
43 institution or other agency of ~~the~~ THIS state ~~organization~~ receiving,  
44 expending or disbursing state ~~funds~~ MONIES or incurring obligations



1 against the THIS state. ~~Budget unit includes the annual budget units and~~  
2 ~~biennial budget units.~~

3 ~~8.~~ 6. "Cardholder" means any person:

4 (a) Named on the face of a credit card to whom or for whose benefit  
5 the credit card is issued by an issuer.

6 (b) In possession of a credit card with the consent of the person  
7 to whom the credit card was issued.

8 ~~9.~~ 7. "Claim" means a demand against the state for payment for  
9 either:

10 (a) Goods delivered or, in the case of highway construction, goods  
11 or facilities to be delivered by the federal government.

12 (b) Services performed.

13 ~~10.~~ 8. "Convenience fee" means an additional fee that is imposed  
14 by an authorized agent on a web-based or voice response portal transaction  
15 for the acceptance of a credit card that would not be charged if the same  
16 transaction were completed by an alternate method of payment.

17 ~~11.~~ 9. "Credit card" means:

18 (a) Any instrument or device, whether known as a credit card,  
19 charge card, credit plate, courtesy card or identification card or by any  
20 other name, that is issued with or without a fee by an issuer for the use  
21 of the cardholder in obtaining money, goods, services or anything else of  
22 value, either on credit or in possession or in consideration of an  
23 undertaking or guaranty by the issuer of the payment of a check drawn by  
24 the cardholder, on a promise to pay in part or in full at a future time,  
25 whether or not all or any part of the indebtedness represented by this  
26 promise to make deferred payment is secured or unsecured.

27 (b) Any debit card, electronic benefit transfer card or other  
28 access instrument or device, other than a check that is signed by the  
29 holder or other authorized signatory on the deposit account, that draws  
30 monies from a deposit account in order to obtain money, goods, services or  
31 anything else of value.

32 (c) Any stored value card, smart card or other instrument or device  
33 that enables a person to obtain goods, services or anything else of value  
34 through the use of value stored on the instrument or device.

35 (d) The number assigned to an instrument or device described in  
36 subdivision (a), (b) or (c) of this paragraph even if the physical  
37 instrument or device is not used or presented.

38 ~~12.~~ 10. "Discount fee" means the fee that is calculated and  
39 charged by the credit card issuer or a financial institution pursuant to  
40 an agreement for the processing of any credit card transaction.

41 ~~13.~~ 11. "Encumbrance" means an obligation in the form of any  
42 purchase order, contract or other commitment that is chargeable to an  
43 appropriation or any other authorized fund source and for which a part of  
44 the fund source is reserved. It ceases to be an encumbrance when paid or  
45 canceled.

1 ~~14.~~ 12. "Expenditure class" means one of the kinds of expenditure  
2 denoting a class of services or commodities purchased or properties  
3 acquired as specified in the classification of expenditures prescribed by  
4 the director of the department of administration for use in expenditure  
5 accounting, in making budget estimates and in the budget reports and  
6 budgets.

7 ~~15.~~ 13. "Issuer" means any business organization, state agency or  
8 financial institution, or its duly authorized agent, that issues a credit  
9 card.

10 ~~16.~~ 14. "Prepayment" means the payment of a claim before receiving  
11 the goods or services.

12 ~~17.~~ 15. "Processing fee" means a fee that is charged by an entity  
13 other than a credit card issuer or the processing financial institution to  
14 process a credit card transaction.

15 ~~18.~~ 16. "Purchase order" means a document that is signed by the  
16 appropriate agency authorized signatory, that requests a vendor to deliver  
17 described goods or services at a specific price and that on delivery and  
18 acceptance of the goods or services by this state becomes an obligation of  
19 this state.

20 ~~19.~~ 17. "Service fee or surcharge" means a fee, whether fixed or  
21 variable, that is in addition to the transaction amount, that is charged  
22 by a state agency when the state agency accepts a credit card for payment  
23 and that is necessary for the state agency to process the payment.

24 ~~20.~~ 18. "Transaction amount" means the total amount due to the  
25 state for any goods, service or license or anything else of value.

26 Sec. 12. Section 35-111, Arizona Revised Statutes, is amended to  
27 read:

28 35-111. Executive budget

29 ~~Every year for annual budget units and biennially in odd-numbered~~  
30 ~~years for biennial budget units,~~ Not later than five days after the  
31 regular session of the legislature convenes, the governor shall submit to  
32 the legislature a budget containing a complete plan of expenditures  
33 proposed to be made before the close of the ~~two ensuing fiscal years for~~  
34 ~~biennial budget units and for the~~ next fiscal year for ~~annual~~ budget units  
35 and all monies and revenues estimated to be available therefor, together  
36 with an explanation of the basis of the estimates and recommendations as  
37 to proposed legislation, if any, ~~which~~ THAT the governor deems necessary  
38 to provide revenues sufficient to meet the proposed expenditures. ~~The~~  
39 ~~plan shall delineate each fiscal year separately. Not later than five~~  
40 ~~days after the regular session of the legislature convenes in~~  
41 ~~even-numbered years, the governor may submit to the legislature any~~  
42 ~~proposed revisions to the enacted budgets for the current and ensuing~~  
43 ~~fiscal years. The plan shall include an estimate of all available monies~~  
44 ~~and revenues and an explanation for any changes to the enacted budgets.~~

1           Sec. 13. Section 35-113, Arizona Revised Statutes, is amended to  
2 read:

3           35-113. Submission of budget estimates

4           ~~Every year for annual budget units and biennially in even-numbered~~  
5 ~~years for biennial budget units,~~ The ADMINISTRATIVE head of each budget  
6 unit, not later than September 1 OF EACH YEAR or at a later date not to  
7 exceed thirty days after September 1 if approved by the director of the  
8 governor's office of strategic planning and budgeting, shall submit to the  
9 governor, with five copies, estimates of the financial requirements and of  
10 receipts, including appropriated and nonappropriated monies in no less  
11 detail than the state general fund, of the budget unit ~~for the next two~~  
12 ~~ensuing fiscal years for biennial budget units and~~ for the next fiscal  
13 year ~~for annual budget units~~. The estimates shall be on the forms and in  
14 the manner prescribed by the governor with explanatory data that may be  
15 required, together with additional information the head of the budget unit  
16 desires to submit. ~~The governor may require biennial budget units to~~  
17 ~~submit budget estimates more often than every two years.~~ The estimate so  
18 ESTIMATES submitted shall bear the approval of the administrative head of  
19 the budget unit.

20           Sec. 14. Section 35-114, Arizona Revised Statutes, is amended to  
21 read:

22           35-114. Continuous financial planning; submission of  
23 tentative budget report; appropriations estimate  
24 report

25           A. The governor shall have in continuous process of preparation and  
26 revision a tentative budget report ~~for the next two ensuing years for~~  
27 ~~biennial budget units and~~ for the next fiscal year for ~~annual~~ budget units  
28 ~~for which a budget report is required to be prepared.~~ Upon ON receipt of  
29 the estimates of the several budget units, the governor shall check the  
30 estimates with information available to the governor and shall make  
31 further inquiries and investigations and recommend changes in the  
32 tentative budget report the governor deems warranted.

33           B. The governor's office of strategic planning and budgeting in  
34 consultation with the joint legislative budget committee staff shall  
35 determine and report to the governor and the legislature an estimate of  
36 appropriations subject to the limit imposed by article IX, section 17,  
37 Constitution of Arizona. The report shall be published by February 15 of  
38 each year for the preceding fiscal year, for the current fiscal year and  
39 for the ensuing fiscal year to reflect the budget recommendations of the  
40 governor.

41           Sec. 15. Section 35-115, Arizona Revised Statutes, is amended to  
42 read:

43           35-115. Contents of budget report

44           Each budget report ~~as~~ required by section ~~35-111~~ 35-114 shall  
45 include the following:

- 1           1. Summary statements of the financial condition of the state, ~~to~~  
 2 ~~include~~ **INCLUDING**:
- 3           (a) A consolidated balance sheet showing all current assets and  
 4 liabilities of the state at the close of the fiscal year last concluded.
- 5           (b) Summary statements of the actual income and expenditures of the  
 6 fiscal year last concluded.
- 7           (c) Similar summary statements of estimated fund balances for the  
 8 current fiscal year.
- 9           2. Schedules showing actual income from each source for the  
 10 preceding fiscal year and the estimated income of the current fiscal year  
 11 ~~and of the two ensuing fiscal years for biennial budget units~~ and for the  
 12 next fiscal year for ~~annual~~ budget units. The statements of income and  
 13 estimated income shall be itemized by source, by budget units and sources  
 14 and by funds and shall show separately revenue from nonrevenue, all  
 15 detailed by sources.
- 16           3. Detailed comparative statements of expenditures and requests for  
 17 appropriations by funds, budget units, budget programs and budget classes,  
 18 showing the expenditures for the fiscal year last concluded, ~~and~~ the  
 19 estimated expenditures for the current year, ~~and~~ the request of each  
 20 budget unit and the governor's recommendations for appropriations ~~for the~~  
 21 ~~two ensuing fiscal years for biennial budget units and~~ for the next fiscal  
 22 year for ~~annual~~ budget units, all distributed according to budget programs  
 23 and budget classes. In connection with each expenditure involving  
 24 construction projects to be completed in one or more fiscal years, ~~there~~  
 25 ~~shall be shown~~ **THE BUDGET REPORT SHALL SHOW** the total estimated cost of  
 26 each project and the amount recommended to be appropriated and expended in  
 27 each ensuing fiscal year until completion of the project. The state  
 28 capital improvement plan and the governor's recommendations concerning the  
 29 plan shall be incorporated into the budget report.
- 30           4. A summary statement for each fund of the cash resources  
 31 estimated to be available at the beginning of ~~the next two fiscal years~~  
 32 ~~for biennial budget units and for~~ the next fiscal year for ~~annual~~ budget  
 33 units and the estimated cash receipts ~~for the two ensuing fiscal years for~~  
 34 ~~biennial budget units and~~ for the next fiscal year for ~~annual~~ budget  
 35 units, as compared with the total recommended amounts for appropriations  
 36 for all budget programs and budget classes ~~for the two ensuing fiscal~~  
 37 ~~years for biennial budget units and~~ for the next fiscal year for ~~annual~~  
 38 budget units. ~~;~~ ~~and~~ If the total of the recommended expenditures exceeds  
 39 the total of the estimated resources, **THE SUMMARY STATEMENT SHALL INCLUDE**  
 40 recommendations as to how the deficiency is to be met and estimates of  
 41 receipts from any proposed additional revenues.
- 42           5. A summary statement of expenditures and full-time equivalent  
 43 positions for each retirement system, delineated by fund source.
- 44           6. Each fiscal year for ~~annual~~ budget units ~~and biennially for~~  
 45 ~~biennial budget units~~, **A** delineation of requested expenditures for

1 administrative costs, including administrative personnel salaries and  
 2 employee-related expenses and direct, indirect and shared costs for  
 3 administrative office space, equipment, supplies and overhead. For the  
 4 purposes of this paragraph, "administrative" means any supportive activity  
 5 relating to management, supervision, budget or execution of the affairs of  
 6 the budget unit as distinguished from activities relating to ~~its~~ **THE**  
 7 **BUDGET UNIT'S** primary direct service functions. The process of  
 8 delineation and determination of what constitutes administrative costs for  
 9 each budget unit shall be developed by the governor's office of strategic  
 10 planning and budgeting in consultation with the director and staff of the  
 11 joint legislative budget committee.

12 7. A summary on one page or less providing selected performance  
 13 measures of the budget unit for the previous fiscal year and the budget  
 14 years. The performance measures may be expressed as service level  
 15 measures on a unit cost basis and shall be established by the governor's  
 16 office of strategic planning and budgeting in consultation with the  
 17 director and staff of the joint legislative budget committee.

18 Sec. 16. Section 35-121, Arizona Revised Statutes, is amended to  
 19 read:

20 **35-121. Format of appropriations**

21 The format of the appropriations for the support and maintenance of  
 22 state departments and institutions shall be for each fiscal year for ~~the~~  
 23 ~~annual~~ **ALL** budget units, ~~and for the biennial budget units, for two fiscal~~  
 24 ~~years, itemized separately for each fiscal year.~~

25 Sec. 17. Section 35-122, Arizona Revised Statutes, is amended to  
 26 read:

27 **35-122. Budget unit program lists; strategic plans; operating**  
 28 **plans; compilation and publishing of master list**

29 A. Consistent with instructions issued by the governor, the  
 30 administrative head of each budget unit is responsible for developing a  
 31 list of programs for the budget unit. For the purposes of this section, a  
 32 program may include a subprogram as determined by the governor's office of  
 33 strategic planning and budgeting and the staff of the joint legislative  
 34 budget committee. In consultation with the staff of the joint legislative  
 35 budget committee, the governor's office of strategic planning and  
 36 budgeting may modify the list of programs submitted by each budget unit.

37 B. Consistent with instructions issued by the governor, the  
 38 administrative head of each executive branch budget unit is responsible  
 39 for developing a five-year strategic plan for the budget unit. The  
 40 strategic plan shall be updated annually. The plan shall contain  
 41 strategic issues, a mission statement, a description, strategies and  
 42 resource assumptions. The resource assumptions shall include the number  
 43 of full-time equivalent positions and budgetary data, including all  
 44 funding sources categorized by **STATE** general fund, other appropriated  
 45 funds, nonappropriated funds and federal funds that are required to

1 support the strategic plan. The agency shall also provide an executive  
2 summary of the strategic plan. The executive summary shall not exceed  
3 five pages in length. The strategic plan, including the executive  
4 summary, shall be posted on the agency's official internet website and  
5 submitted to the governor's office of strategic planning and budgeting and  
6 to the staff of the joint legislative budget committee on or before  
7 January 1 of each year.

8 C. Consistent with instructions issued by the governor, the  
9 administrative head of each budget unit is responsible for:

10 1. Developing an operating plan for each program identified in  
11 subsection A of this section. The plan shall use the format required in  
12 subsection D of this section and be submitted to the governor's office of  
13 strategic planning and budgeting on or before September 1 of each year.  
14 Each ~~year-annual~~ budget ~~units~~ UNIT shall ANNUALLY submit performance  
15 measures and budgetary data for the prior, current and ensuing fiscal ~~year~~  
16 YEARS.

17 2. Developing a mission statement, a description and strategic  
18 issues for the entire budget unit as part of the operating plan to be  
19 submitted to the governor's office of strategic planning and budgeting on  
20 or before September 1 of each year. The mission statement, description  
21 and strategic issues shall be submitted at the same time to the staff of  
22 the joint legislative budget committee.

23 D. The operating plan shall include a mission statement, a  
24 description, goals, performance measures that emphasize results and  
25 budgetary data. The budgetary data shall include funding amounts,  
26 regardless of source.

27 E. The governor's office of strategic planning and budgeting shall  
28 compile the submissions required in subsection C, paragraphs 1 and 2 of  
29 this section, ~~and~~, ~~no~~ NOT later than five days after the regular session  
30 of the legislature convenes of each even-numbered year, shall publish a  
31 master list of programs that are performed or overseen by state  
32 government. The master list shall include the program description, agency  
33 description, mission statement, strategic issues, goals, performance  
34 measures and budgetary data.

35 Sec. 18. Section 38-737, Arizona Revised Statutes, is amended to  
36 read:

37 38-737. Employer contributions

38 A. Employer contributions shall be a percentage of compensation of  
39 all employees of the employers, excluding the compensation of those  
40 employees who are members of the defined contribution program administered  
41 by ASRS, as determined by the ASRS actuary pursuant to this section for  
42 June 30 of the fiscal year immediately preceding the preceding fiscal  
43 year, except that beginning with fiscal year 2001-2002 the contribution  
44 rate shall not be less than two percent of compensation of all employees  
45 of the employers. Beginning July 1, 2011 through June 29, 2016, the total

1 employer contribution shall be determined on the projected unit credit  
2 method. Beginning June 30, 2016, the board shall determine the actuarial  
3 cost method pursuant to section 38-714. The total employer contributions  
4 shall be equal to the employer normal cost plus the amount required to  
5 amortize the past service funding requirement over a period that is  
6 determined by the board and consistent with generally accepted actuarial  
7 standards. In determining the past service funding period, the board  
8 shall seek to improve the funded status whenever the ASRS trust fund is  
9 less than one hundred percent funded.

10 B. All contributions made by the employer and allocated to the fund  
11 established by section 38-712 are irrevocable and shall be used as  
12 benefits under this article or to pay expenses of ASRS.

13 C. The required employer contributions shall be determined on an  
14 annual basis by an actuary who is selected by the board and who is a  
15 fellow of the society of actuaries. ASRS shall provide by December ~~15~~ 1  
16 of each fiscal year to the governor, the speaker of the house of  
17 representatives and the president of the senate the contribution rate for  
18 the ensuing fiscal year and the unfunded actuarial accrued liability, the  
19 funded status based on the actuarial value of assets and market value of  
20 assets and the annualized rate of return and the ten-year rate of return  
21 as of June 30 of the prior fiscal year.

22 Sec. 19. Section 38-803, Arizona Revised Statutes, is amended to  
23 read:

24 38-803. Powers and duties of the board

25 A. The board, in the administration, management and operation of  
26 the plan and fund, shall:

27 1. Account for the operation, administration and investment  
28 expenses and allocate them against investment income.

29 2. Contract on a fee basis with an actuary to make an actuarial  
30 valuation of the plan based on the valuation method and valuation  
31 assumptions recommended by the actuary and approved by the board. The  
32 actuary shall be a member of the American academy of actuaries.

33 3. Contract on a fee basis with an independent auditing firm to  
34 make an annual audit of the accounting records of the fund and file a copy  
35 of the audit with the auditor general.

36 4. Invest the monies in the fund as provided in article 4 of this  
37 chapter.

38 5. Within a period of six months after the close of each fiscal  
39 year, submit a detailed report of the operation and the investment  
40 performance of the plan to the governor, the legislature and the members  
41 of the plan.

42 6. By November 1 of each year provide a preliminary report and by  
43 December ~~15~~ 1 of each year provide a final report to the governor, the  
44 speaker of the house of representatives and the president of the senate on  
45 the contribution rate for the ensuing fiscal year.

1 B. The board, in the administration, management and operation of  
2 the plan and fund, may:

- 3 1. Employ services as it deems necessary.
- 4 2. Either keep invested monies separate or commingle invested  
5 monies as it deems appropriate.
- 6 3. Delegate authority as it deems necessary and prudent to the  
7 administrator employed pursuant to section 38-848, subsection M,  
8 paragraph 6.
- 9 4. Do all acts, whether expressly authorized, ~~which may be~~ THAT ARE  
10 deemed necessary or proper for the protection of the fund.

11 Sec. 20. Section 38-832, Arizona Revised Statutes, is amended to  
12 read:

13 38-832. Defined contribution system; annual report; quarterly  
14 statements

15 A. The board shall establish, design and administer a defined  
16 contribution system to provide for the retirement of elected officials.

17 B. The purpose of this article is to provide a defined contribution  
18 system that is fully funded on a current basis from employer and member  
19 contributions.

20 C. The legislature intends that the defined contribution system for  
21 members under this article be designed to be a qualified government plan  
22 under section 401(a) of the internal revenue code, as amended, or  
23 successor provisions of law, and be exempt from taxation under section 501  
24 of the internal revenue code. The board may adopt any additional  
25 provisions to the defined contribution system that are necessary to  
26 fulfill this intent. On or before December 31, 2013, the board shall  
27 submit to the internal revenue service a request for a determination  
28 letter that the defined contribution system is a plan qualified under  
29 section 401(a) of the internal revenue code and a private letter ruling  
30 that all member contributions that are picked up by the employer as  
31 provided in section 38-833 shall be treated as employer contributions  
32 pursuant to section 414(h) of the internal revenue code.

33 D. The board may:

34 1. Employ the services of the third-party administrator that is  
35 contracted on ~~the effective date of this section~~ SEPTEMBER 13, 2013 to  
36 administer the supplemental defined contribution plan pursuant to article  
37 8 of this chapter to also administer the defined contribution system.

38 2. Employ other services it deems necessary, including legal  
39 services, for the operation and administration of the defined contribution  
40 system.

41 3. Perform all acts, whether or not expressly authorized, that it  
42 deems necessary and proper for the operation and protection of the system.

43 E. The board shall adopt policies regarding the defined  
44 contribution system, including the administration of the member and  
45 employer contributions, investment options, termination in the defined



1 contribution system, the administration of the payout options under the  
2 defined contribution system and the administration of the member  
3 distributions.

4 F. On receipt of the determination letter and private letter ruling  
5 from the internal revenue service, the board shall participate in a  
6 competitive bid process at least once every five years to contract with a  
7 private person or any qualified company or companies to administer the  
8 defined contribution system established under this section.

9 G. Any contract for a third-party administrator of the defined  
10 contribution system shall include competitive fees, quarterly meetings  
11 with the public safety personnel retirement system, annual updates to the  
12 board on the status of the defined contribution system and quarterly  
13 statements to each member. On or before December ~~31~~ 1 of each year, the  
14 board shall report the status of the defined contribution system to the  
15 governor, the president of the senate, the speaker of the house of  
16 representatives and the joint legislative budget committee.

17 Sec. 21. Section 38-840.01, Arizona Revised Statutes, is amended to  
18 read:

19 38-840.01. EODC disability program; administration; power and  
20 duties of the board; hearing

21 A. The elected officials' defined contribution retirement system  
22 disability program is established for members of the elected officials'  
23 defined contribution retirement system. The board shall administer the  
24 EODC disability program.

25 B. The board may delegate authority to administer the program as it  
26 deems necessary and prudent to the administrator employed pursuant to  
27 section 38-848.

28 C. The board, in the administration, management and operation of  
29 the program, shall:

30 1. Account for the operation, administration and investment  
31 expenses and allocate them against investment income.

32 2. Contract on a fee basis with an actuary to make an actuarial  
33 valuation of the program based on the valuation method and valuation  
34 assumptions recommended by the actuary and approved by the board. The  
35 actuary shall be a member of the American academy of actuaries.

36 3. Contract on a fee basis with an independent auditing firm to  
37 make an annual audit of the accounting records of the **EODC DISABILITY**  
38 **PROGRAM TRUST** fund and file a copy of the audit with the auditor general.

39 4. Invest the monies in the **EODC DISABILITY PROGRAM TRUST** fund as  
40 provided in article 4 of this chapter.

41 5. On or before December ~~31~~ 1 of each year, submit to the governor,  
42 the speaker of the house of representatives and the president of the  
43 senate a detailed report of the operation and the investment performance  
44 of the program that includes the contribution rate for the ensuing fiscal  
45 year.

1 D. The board, in the administration, management and operation of  
2 the program, may:

- 3 1. Employ services as it deems necessary.
- 4 2. Either keep invested monies separate or commingle invested  
5 monies as it deems appropriate.
- 6 3. Do all acts, whether expressly authorized, that may be deemed  
7 necessary or proper for the protection of the **EODC DISABILITY PROGRAM**  
8 **TRUST** fund.
- 9 4. Determine the rights, benefits or obligations of any person  
10 under this article and afford any person dissatisfied with a determination  
11 of the person's rights, benefits or obligations under this article with a  
12 hearing on the determination.

13 Sec. 22. Section 38-848, Arizona Revised Statutes, is amended to  
14 read:

15 **38-848. Board of trustees; powers and duties; independent**  
16 **trust fund; administrator; agents and employees;**  
17 **advisory committee**

18 A. Beginning January 1, 2017, the board of trustees shall consist  
19 of nine members and shall have the rights, powers and duties that are set  
20 forth in this section. The term of office of members shall be five years  
21 to expire on the third Monday in January of the appropriate year. The  
22 board shall select a chairperson from among its members each calendar  
23 year. Members are eligible to receive compensation in an amount of fifty  
24 dollars a day, but not to exceed one thousand dollars in any one fiscal  
25 year, and are eligible for reimbursement of expenses pursuant to chapter  
26 4, article 2 of this title. Beginning January 1, 2017, the board consists  
27 of the following members appointed as follows:

28 1. Two members representing law enforcement, one of whom is  
29 appointed by the president of the senate and one of whom is appointed by  
30 the governor. A statewide association representing law enforcement in  
31 this state shall forward nominations to the appointing elected officials,  
32 providing at least three nominees for each position. At least one of the  
33 members appointed under this paragraph shall be an elected local board  
34 member.

35 2. Two members representing firefighters, one of whom is appointed  
36 by the speaker of the house of representatives and one of whom is  
37 appointed by the governor. A statewide association representing  
38 firefighters in this state shall forward nominations to the appointing  
39 elected officials, providing at least three nominees for each position.  
40 At least one of the members appointed under this paragraph shall be an  
41 elected local board member.

42 3. Three members representing cities and towns in this state, one  
43 of whom is appointed by the president of the senate, one of whom is  
44 appointed by the speaker of the house of representatives and one of whom  
45 is appointed by the governor. An association representing cities and

1 towns in this state shall forward nominations to the appointing elected  
2 officials, providing at least three nominees for each position. These  
3 nominees shall represent taxpayers or employers and may not be members of  
4 the system.

5 4. One member who represents counties in this state and who is  
6 appointed by the governor. An association representing county supervisors  
7 in this state shall forward nominations to the governor, providing at  
8 least three nominees for the position. These nominees shall represent  
9 taxpayers or employers and may not be members of the system.

10 5. One member who is appointed by the governor from a list of three  
11 nominees forwarded by the board. The board shall select the nominees to  
12 forward to the governor from a list of at least five nominees received  
13 from the advisory committee.

14 B. Each appointment made pursuant to subsection A of this section  
15 shall be chosen from the list of nominees provided to the appointing  
16 elected official. For any appointment made by the governor pursuant to  
17 subsection A of this section, before appointment by the governor, a  
18 prospective member of the board shall submit a full set of fingerprints to  
19 the governor for the purpose of obtaining a state and federal criminal  
20 records check pursuant to section 41-1750 and Public Law 92-544. The  
21 department of public safety may exchange this fingerprint data with the  
22 federal bureau of investigation. A board member may be reappointed.  
23 Notwithstanding section 38-295, a board member may be removed from office  
24 only for cause by the appointing power or because the board member has  
25 vacated the member's seat on the board. A board member who is removed for  
26 cause shall be provided written notice and an opportunity for a response.  
27 The appointing power may remove a board member based on written findings  
28 that specify the reason for removal. Any vacancy that occurs other than  
29 by expiration of a term shall be filled for the balance of the term. All  
30 vacancies shall be filled in the same manner as the initial appointment.  
31 A board member vacates the office if the member either:

32 1. Is absent without excuse from three consecutive regular meetings  
33 of the board.

34 2. Resigns, dies or becomes unable to perform board member duties.

35 C. The members of the board who are appointed pursuant to  
36 subsection A of this section and who are not members of the system shall  
37 be independent, qualified professionals who are responsible for the  
38 performance of fiduciary duties and other responsibilities required to  
39 preserve and protect the fund and shall have at least ten years'  
40 substantial experience as any one or a combination of the following:

41 1. A portfolio manager acting in a fiduciary capacity.

42 2. A securities analyst.

43 3. A senior executive or principal of a trust institution,  
44 investment organization or endowment fund acting either in a management or  
45 an investment-related capacity.

1           4. A chartered financial analyst in good standing as determined by  
2 the chartered financial analyst institute.

3           5. A current or former professor or instructor at the college or  
4 university level in the field of economics, finance, actuarial science,  
5 accounting or pension-related subjects.

6           6. An economist.

7           7. Any other senior executive engaged in the field of public or  
8 private finances or with experience with public pension systems.

9           8. A senior executive in insurance, banking, underwriting,  
10 auditing, human resources or risk management.

11           D. All monies in the fund shall be deposited and held in a public  
12 safety personnel retirement system depository. Monies in the fund shall  
13 be disbursed from the depository separate and apart from all monies or  
14 funds of this state and the agencies, instrumentalities and subdivisions  
15 of this state, except that the board may commingle the assets of the fund  
16 and the assets of all other plans entrusted to its management in one or  
17 more group trusts, subject to the crediting of receipts and earnings and  
18 charging of payments to the appropriate employer, system or plan. The  
19 monies shall be secured by the depository in which they are deposited and  
20 held to the same extent and in the same manner as required by the general  
21 depository law of this state. For purposes of making the decision to  
22 invest in securities owned by the fund or any plan or trust administered  
23 by the board, the fund and assets of the plans and the plans' trusts are  
24 subject to the sole management of the board for the purpose of this  
25 article except that, on the board's election to invest in a particular  
26 security or make a particular investment, the assets comprising the  
27 security or investment may be chosen and managed by third parties approved  
28 by the board. The board may invest in portfolios of securities chosen and  
29 managed by a third party. The board's decision to invest in securities  
30 such as mutual funds, commingled investment funds, exchange traded funds,  
31 private equity or venture capital limited partnerships, real estate  
32 limited partnerships or limited liability companies and real estate  
33 investment trusts whose assets are chosen and managed by third parties  
34 does not constitute an improper delegation of the board's investment  
35 authority.

36           E. All contributions under this system and other retirement plans  
37 that the board administers shall be forwarded to the board and shall be  
38 held, invested and reinvested by the board as provided in this article.  
39 All property and monies of the fund and other retirement plans that the  
40 board administers, including income from investments and from all other  
41 sources, shall be retained for the exclusive benefit of members, as  
42 provided in the system and other retirement plans that the board  
43 administers, and shall be used to pay benefits to members or their  
44 beneficiaries or to pay expenses of operation and administration of the  
45 system and fund and other retirement plans that the board administers.

1 F. The board shall have the full power in its sole discretion to  
2 invest and reinvest, alter and change the monies accumulated under the  
3 system and other retirement plans and trusts that the board administers as  
4 provided in this article. In addition to its power to make investments  
5 managed by others, the board may delegate the authority the board deems  
6 necessary and prudent to investment management pursuant to section  
7 38-848.03, as well as to the administrator, employed by the board pursuant  
8 to subsection M, paragraph 6 of this section, and any assistant  
9 administrators to invest the monies of the system and other retirement  
10 plans and trusts that the board administers if the administrator,  
11 investment management and any assistant administrators follow the  
12 investment policies that are adopted by the board. The board may  
13 commingle securities and monies of the fund, the elected officials'  
14 retirement plan, the corrections officer retirement plan and other plans  
15 or monies entrusted to its care, subject to the crediting of receipts and  
16 earnings and charging of payments to the account of the appropriate  
17 employer, system or plan. In making every investment, the board shall  
18 exercise the judgment and care under the circumstances then prevailing  
19 that persons of ordinary prudence, discretion and intelligence exercise in  
20 the management of their own affairs, not in regard to speculation but in  
21 regard to the permanent disposition of their funds, considering the  
22 probable income from their funds as well as the probable safety of their  
23 capital, provided:

24 1. That not more than eighty percent of the combined assets of the  
25 system or other plans that the board manages shall be invested at any  
26 given time in corporate stocks, based on cost value of such stocks  
27 irrespective of capital appreciation.

28 2. That ~~no~~ NOT more than five percent of the combined assets of the  
29 system or other plans that the board manages shall be invested in  
30 corporate stock issued by any one corporation, other than corporate stock  
31 issued by corporations chartered by the United States government or  
32 corporate stock issued by a bank or insurance company.

33 3. That not more than five percent of the voting stock of any one  
34 corporation shall be owned by the system and other plans that the board  
35 administers, except that this limitation does not apply to membership  
36 interests in limited liability companies.

37 4. That corporate stocks and exchange traded funds eligible for  
38 direct purchase shall be restricted to stocks and exchange traded funds  
39 that, except for bank stocks, insurance stocks, stocks acquired for  
40 coinvestment in connection with the system's or the plans' or trusts'  
41 commingled investments and interests in limited liability companies and  
42 mutual funds, are either:

43 (a) Listed or approved on issuance for listing on an exchange  
44 registered under the securities exchange act of 1934, as amended  
45 (15 United States Code sections 78a through 78pp).

1 (b) Designated or approved on notice of issuance for designation on  
2 the national market system of a national securities association registered  
3 under the securities exchange act of 1934, as amended (15 United States  
4 Code sections 78a through 78pp).

5 (c) Listed or approved on issuance for listing on an exchange  
6 registered under the laws of this state or any other state.

7 (d) Listed or approved on issuance for listing on an exchange of a  
8 foreign country with which the United States is maintaining diplomatic  
9 relations at the time of purchase, except that no more than twenty percent  
10 of the combined assets of the system and other plans that the board  
11 manages shall be invested in foreign securities, based on the cost value  
12 of the stocks irrespective of capital appreciation.

13 (e) An exchange traded fund that is recommended by the chief  
14 investment officer of the system, that is registered under the investment  
15 company act of 1940 (15 United States Code sections 80a-1 through 80a-64)  
16 and that is both traded on a public exchange and based on a publicly  
17 recognized index.

18 G. Notwithstanding any other law, the board shall not be required  
19 to invest in any type of investment that is dictated or required by any  
20 entity of the federal government and that is intended to fund economic  
21 development projects, public works or social programs, but may consider  
22 such economically targeted investments pursuant to its fiduciary  
23 responsibility. The board, on behalf of the system and all other plans or  
24 trusts the board administers, may invest in, lend monies to or guarantee  
25 the repayment of monies by a limited liability company, limited  
26 partnership, joint venture, partnership, limited liability partnership or  
27 trust in which the system and plans or trusts have a financial interest,  
28 whether the entity is closely held or publicly traded and that, in turn,  
29 may be engaged in any lawful activity, including venture capital, private  
30 equity, the ownership, development, management, improvement or operation  
31 of real property and any improvements or businesses on real property or  
32 the lending of monies.

33 H. Conference call meetings of the board that are held for  
34 investment purposes only are not subject to chapter 3, article 3.1 of this  
35 title, except that the board shall maintain minutes of these conference  
36 call meetings and make them available for public inspection within  
37 twenty-four hours after the meeting. The board shall review the minutes  
38 of each conference call meeting and shall ratify all legal actions taken  
39 during each conference call meeting at the next scheduled meeting of the  
40 board.

41 I. The board shall not be held liable for the exercise of more than  
42 ordinary care and prudence in the selection of investments and performance  
43 of its duties under the system and shall not be limited to so-called  
44 "legal investments for trustees", but all monies of the system and other

1 plans that the board administers shall be invested subject to all of the  
2 conditions, limitations and restrictions imposed by law.

3 J. Except as provided in subsection F of this section, the board  
4 may:

5 1. Invest and reinvest the principal and income of all assets that  
6 the board manages without distinction between principal and income.

7 2. Sell, exchange, convey, transfer or otherwise dispose of any  
8 investments made on behalf of the system or other plans the board  
9 administers in the name of the system or plans by private contract or at  
10 public auction.

11 3. Also:

12 (a) Vote on any stocks, bonds or other securities.

13 (b) Give general or special proxies or powers of attorney with or  
14 without power of substitution.

15 (c) Exercise any conversion privileges, subscription rights or  
16 other options and make any payments incidental to the exercise of the  
17 conversion privileges, subscription rights or other options.

18 (d) Consent to or otherwise participate in corporate  
19 reorganizations or other changes affecting corporate securities, delegate  
20 discretionary powers and pay any assessments or charges in connection  
21 therewith.

22 (e) Generally exercise any of the powers of an owner with respect  
23 to stocks, bonds, securities or other investments held in or owned by the  
24 system or other plans whose assets the board administers.

25 4. Make, execute, acknowledge and deliver any other instruments  
26 that may be necessary or appropriate to carry out the powers granted in  
27 this section.

28 5. Register any investment held by the system or other plans whose  
29 assets the board administers in the name of the system or plan or in the  
30 name of a nominee or trust.

31 6. At the expense of the system or other plans that the board  
32 administers, enter into an agreement with any bank or banks for the  
33 safekeeping and handling of securities and other investments coming into  
34 the possession of the board. The agreement shall be entered into under  
35 terms and conditions that secure the proper safeguarding, inventory,  
36 withdrawal and handling of the securities and other investments. No  
37 access to and no deposit or withdrawal of the securities from any place of  
38 deposit selected by the board shall be permitted or made except as the  
39 terms of the agreement may provide.

40 7. Appear before local boards and the courts of this state and  
41 political subdivisions of this state through counsel or appointed  
42 representative to protect the fund or the assets of other plans that the  
43 board administers. The board is not responsible for the actions or  
44 omissions of the local boards under this system but may seek a review or  
45 rehearing of actions or omissions of local boards. The board does not

1 have a duty to review actions of the local boards but may do so in its  
2 discretion in order to protect the fund. No limitations period precludes  
3 the board or administrator from contesting, or requires the board or  
4 administrator to implement or comply with, a local board decision that  
5 violates the internal revenue code or that threatens to impair the tax  
6 qualified status of the system or any plan administered by the board or  
7 administrator.

8 8. Empower the fund administrator to take actions on behalf of the  
9 board that are necessary for the protection and administration of the fund  
10 or the assets of other plans that the board administers pursuant to the  
11 guidelines of the board.

12 9. Do all acts, whether or not expressly authorized, that may be  
13 deemed necessary or proper for the protection of the investments held in  
14 the fund or owned by other plans or trusts that the board administers.

15 10. Settle threatened or actual litigation against any system or  
16 plan that the board administers.

17 K. Investment expenses and operation and administrative expenses of  
18 the board shall be accounted for separately and allocated against  
19 investment income.

20 L. The board, as soon as possible within a period of six months  
21 following the close of any fiscal year, shall transmit to the governor and  
22 the legislature a comprehensive annual financial report on the operation  
23 of the system and other plans that the board administers containing, among  
24 other things:

25 1. A balance sheet.

26 2. A statement of income and expenditures for the year.

27 3. A report on an actuarial valuation of its assets and  
28 liabilities.

29 4. A list of investments owned.

30 5. The total rate of return, yield on cost, and percent of cost to  
31 market value of the fund and the assets of other plans that the board  
32 administers.

33 6. Any other statistical and financial data that may be necessary  
34 for the proper understanding of the financial condition of the system and  
35 other plans that the board administers and the results of their  
36 operations. A synopsis of the annual report shall be published for the  
37 information of members of the system, the elected officials' retirement  
38 plan or the corrections officer retirement plan.

39 7. An analysis of the long-term level percent of employer  
40 contributions and compensation structure and whether the funding  
41 methodology is sufficient to pay one hundred percent of the unfunded  
42 accrued liability under the elected officials' retirement plan.

43 8. An estimate of the aggregate employer contribution rate for the  
44 public safety personnel retirement system for the next ten fiscal years



1 and an estimate of the aggregate employer contribution rate for the  
2 corrections officer retirement plan for the next ten fiscal years.

3 9. An estimate of the employer contribution rates for the next ten  
4 fiscal years for each of the following employers within the public safety  
5 personnel retirement system:

6 (a) Department of liquor licenses and control.

7 (b) Department of public safety.

8 (c) Northern Arizona university.

9 (d) University of Arizona.

10 (e) Arizona state university.

11 (f) Arizona game and fish department.

12 (g) Department of law.

13 (h) Department of emergency and military affairs.

14 (i) Arizona state parks board.

15 10. An estimate of the employer contribution rates for the next ten  
16 fiscal years for each of the following employers within the corrections  
17 officer retirement plan:

18 (a) State department of corrections.

19 (b) Department of public safety.

20 (c) The judiciary.

21 (d) Department of juvenile corrections.

22 11. An estimate of the aggregate fees paid for private equity  
23 investments, including management fees and performance fees.

24 M. The board shall:

25 1. Maintain the accounts of the system and other plans that the  
26 board administers and issue statements to each employer annually and to  
27 each member who may request it.

28 2. Report the results of the actuarial valuations to the local  
29 boards and employers.

30 3. Contract on a fee basis with an independent investment counsel  
31 to advise the board in the investment management of the fund and assets of  
32 other plans that the board administers and with an independent auditing  
33 firm to audit the board's accounting.

34 4. Permit the auditor general to make an annual audit and transmit  
35 the results to the governor and the legislature.

36 5. Contract on a fee basis with an actuary who shall make actuarial  
37 valuations of the system and other plans that the board administers, be  
38 the technical adviser of the board on matters regarding the operation of  
39 the funds created by the provisions of the system, the elected officials'  
40 retirement plan, the corrections officer retirement plan and the public  
41 safety cancer insurance policy program and perform other duties required  
42 in connection therewith. The actuary must be a member of a nationally  
43 recognized association or society of actuaries.

44 6. Employ, as administrator, a person, state department or other  
45 body to serve at the pleasure of the board.

1           7. Establish procedures and guidelines for contracts with  
2 actuaries, auditors, investment counsel and legal counsel and for  
3 safeguarding of securities.

4           N. The administrator, under the direction of the board, shall:

5           1. Administer this article.

6           2. Be responsible for the recruitment, hiring and day-to-day  
7 management of employees.

8           3. Invest the monies of the system and other plans that the board  
9 administers as the board deems necessary and prudent as provided in  
10 subsections F and J of this section and subject to the investment policies  
11 and fund objectives adopted by the board.

12           4. Establish and maintain an adequate system of accounts and  
13 records for the system and other plans that the board administers, which  
14 shall be integrated with the accounts, records and procedures of the  
15 employers so that the system and other plans that the board administers  
16 operates most effectively and at minimum expense and that duplication of  
17 records and accounts is avoided.

18           5. In accordance with the board's governance policy and procedures  
19 and the budget adopted by the board, hire such employees and services the  
20 administrator deems necessary and prescribe their duties, including the  
21 hiring of one or more assistant administrators to manage the system's  
22 operations, investments and legal affairs.

23           6. Be responsible for income, the collection of the income and the  
24 accuracy of all expenditures.

25           7. Recommend to the board annual contracts for the system's  
26 actuary, auditor, investment counsel, legal counsel and safeguarding of  
27 securities.

28           8. Perform additional duties and powers prescribed by the board and  
29 delegated to the administrator.

30           0. The system is an independent trust fund and the board is not  
31 subject to title 41, chapter 6. Contracts for goods and services approved  
32 by the board are not subject to title 41, chapter 23. As an independent  
33 trust fund whose assets are separate and apart from all other funds of  
34 this state, the system and the board are not subject to the restrictions  
35 prescribed in section 35-154 or article IX, sections 5 and 8, Constitution  
36 of Arizona. Loans, guarantees, investment management agreements and  
37 investment contracts that are entered into by the board are contracts  
38 memorializing obligations or interests in securities that the board has  
39 concluded, after thorough due diligence, do not involve investments in  
40 Sudan or Iran or otherwise provide support to terrorists or in any way  
41 facilitate illegal immigration into the United States. These contracts do  
42 not involve the procurement, supply or provision of goods, equipment,  
43 labor, materials or services that would require the warranties required by  
44 section 41-4401.

1 P. The board, the administrator, the assistant administrators and  
2 all persons employed by them are subject to title 41, chapter 4,  
3 article 4. The administrator, assistant administrators and other  
4 employees of the board are entitled to receive compensation pursuant to  
5 section 38-611.

6 Q. In consultation with the director of the department of  
7 administration, the board may enter into employment agreements and  
8 establish the terms of those agreements with persons holding any of the  
9 following system positions:

- 10 1. Administrator.
- 11 2. Deputy or assistant administrator.
- 12 3. Chief investment officer.
- 13 4. Deputy chief investment officer.
- 14 5. Fiduciary or investment counsel.

15 R. The attorney general or an attorney approved by the attorney  
16 general and paid by the fund shall be the attorney for the board and shall  
17 represent the board in any legal proceeding or forum that the board deems  
18 appropriate. The board, administrator, assistant administrators and  
19 employees of the board are not personally liable for any acts done in  
20 their official capacity in good faith reliance on the written opinions of  
21 the board's attorney.

22 S. At least once in each five-year period after the effective date,  
23 the actuary shall make an actuarial investigation into the mortality,  
24 service and compensation experience of the members and beneficiaries of  
25 the system and other plans that the board administers and shall make a  
26 special valuation of the assets and liabilities of the monies of the  
27 system and plans. Taking into account the results of the investigation  
28 and special valuation, the board shall adopt for the system and other  
29 plans that the board administers those mortality, service and other tables  
30 deemed necessary.

31 T. On the basis of the tables the board adopts, the actuary shall  
32 make a valuation of the assets and liabilities of the funds of the system  
33 and other plans that the board administers not less frequently than every  
34 year. By November 1 of each year the board shall provide a preliminary  
35 report and by December ~~15~~ 1 of each year provide a final report to the  
36 governor, the speaker of the house of representatives and the president of  
37 the senate on the contribution rate for the ensuing fiscal year.

38 U. Neither the board nor any member or employee of the board shall  
39 directly or indirectly, for himself or as an agent, in any manner use the  
40 monies or deposits of the fund except to make current and necessary  
41 payments, nor shall the board or any member or employee become an endorser  
42 or surety or in any manner an obligor for monies loaned by or borrowed  
43 from the fund or the assets of any other plans that the board administers.

44 V. Financial or commercial information that is provided to the  
45 board, employees of the board and attorneys of the board in connection

1 with investments in which the board has invested or investments the board  
2 has considered for investment is confidential, proprietary and not a  
3 public record if the information is information that would customarily not  
4 be released to the public by the person or entity from whom the  
5 information was obtained.

6 W. A person who is a dealer as defined in section 44-1801 and who  
7 is involved in securities or investments related to the board's  
8 investments is not eligible to serve on the board.

9 X. ~~Beginning January 1, 2017,~~ The public safety personnel  
10 retirement system advisory committee is established and shall serve as a  
11 liaison between the board and the members and employers of the system.  
12 The committee shall be appointed by the chairperson of the board from  
13 names submitted to the chairperson by associations representing law  
14 enforcement, firefighters, state government, counties, cities and towns  
15 and tribal governments. The committee shall select a chairperson from  
16 among its members each calendar year. The committee shall consist of the  
17 following ten members:

- 18 1. A member who is a law enforcement officer.
- 19 2. A member who is a firefighter.
- 20 3. A member of the elected officials' retirement plan.
- 21 4. A member of the corrections officer retirement plan.
- 22 5. A retiree from the public safety personnel retirement system.
- 23 6. A representative from a city or town in this state.
- 24 7. A representative from a county in this state.
- 25 8. A representative from a fire district in this state.
- 26 9. A representative from a state employer.
- 27 10. A representative from a tribal government located in this  
28 state.

29 Sec. 23. Section 38-848.02, Arizona Revised Statutes, is amended to  
30 read:

31 38-848.02. Board of trustees; report on employer and employee  
32 costs; posting funding ratio

33 A. On or before December ~~31~~ 1 of each year, the board of trustees  
34 shall provide to the legislature, and the joint legislative budget  
35 committee and SHALL post on its website the shared cost structure of  
36 employees and employers, the funding status and the rate of return. The  
37 report to the legislature shall include when the trigger to the reduction  
38 in the employee rates is being met.

39 B. The board of trustees shall post on its website for each plan  
40 the board administers each employer's funding ratio.

1           Sec. 24. Section 38-866, Arizona Revised Statutes, is amended to  
2 read:

3           38-866. Defined contribution plan design; purpose; powers and  
4           duties of the board; administration

5           A. The board shall establish, design and administer a defined  
6 contribution plan to provide for the retirement of specified participants  
7 beginning July 1, 2017.

8           B. The purpose of this article is to provide a defined contribution  
9 plan that is fully funded on a current basis from employer and participant  
10 contributions.

11           C. The legislature intends that the defined contribution plan for  
12 participants under this article be designed to be a qualified governmental  
13 plan under section 401(a) of the internal revenue code, as amended, or  
14 successor provisions of law, and be exempt from taxation under section 501  
15 of the internal revenue code. The board may adopt any additional  
16 provision to the defined contribution plan that is necessary to fulfill  
17 this intent. Consistent with this intent, the board may submit to the  
18 internal revenue service a request for a determination letter that the  
19 defined contribution plan is a plan qualified under section 401(a) of the  
20 internal revenue code and a private letter ruling that all participant  
21 contributions that are picked up by the employer as provided in section  
22 38-867 shall be treated as employer contributions pursuant to section  
23 414(h) of the internal revenue code.

24           D. The board shall:

25           1. Enter into a contract with a provider or providers to provide  
26 retirement plan investments, plan administration and services to  
27 participants in the defined contribution plan. The plan shall provide for  
28 appropriate long-term retirement-oriented investments and shall include  
29 both fixed and variable deferred annuity options. The board shall  
30 consider all of the following when determining a company with which to  
31 contract:

32           (a) The financial stability of the company and the ability of the  
33 company to provide the contracted rights and benefits to the participants.

34           (b) The cost of the investments, plan administration and services  
35 to the participants.

36           (c) The experience of the company in providing defined contribution  
37 retirement plans in lieu of defined benefit plan participation to public  
38 employees.

39           (d) The experience of the company in paying retirement income to  
40 public employees.

41           (e) The experience of the company in providing plan education,  
42 counseling and advice to participants in public employee retirement plans  
43 that are offered in lieu of state defined benefit plan participation.

44           2. Require under a contract that a provider provide education,  
45 counseling and objective participant-specific plan advice to participants.

1 Any participant-specific advice and counseling shall be administered by a  
2 federally registered investment advisor. The federally registered  
3 investment advisor shall act as a fiduciary to participants and is  
4 required to act in the participant's best interest.

5 3. Require under the contract that the defined contribution plan  
6 include not less than five and not more than twenty-five predetermined  
7 investment portfolio options to participants. The predetermined  
8 investment portfolio options shall include options that reflect different  
9 risk profiles and options that automatically reallocate and rebalance  
10 contributions as a participant ages. In addition, the defined  
11 contribution plan may permit participants to construct investment  
12 portfolios using some or all of the investment options comprising the  
13 predetermined investment portfolio options.

14 4. Require under a contract that the defined contribution  
15 retirement plan offer participants a menu of lifetime annuity options,  
16 either fixed or variable or a combination of both.

17 E. The board may:

18 1. Employ other services it deems necessary, including legal  
19 services, for the operation and administration of the defined contribution  
20 plan.

21 2. Perform all acts, whether or not expressly authorized, that it  
22 deems necessary and proper for the operation and protection of the plan.

23 F. The board shall adopt policies regarding the defined  
24 contribution plan, including the administration of the participant and  
25 employer contributions, investment options, termination of participation  
26 in the defined contribution plan, administration of the payout options  
27 under the defined contribution plan and administration of the participant  
28 distributions.

29 G. The board shall participate in a competitive bid process at  
30 least once every five years to contract with a private person or any  
31 qualified company or companies to administer the defined contribution plan  
32 established pursuant to this article.

33 H. Any contract for a third-party administrator of the defined  
34 contribution plan shall include competitive fees and provisions requiring  
35 quarterly meetings with the system, annual updates to the board on the  
36 status of the defined contribution plan and quarterly statements to each  
37 participant. On or before December ~~31~~ 1 of each year, the board shall  
38 report the status of the defined contribution plan to the governor, the  
39 president of the senate, the speaker of the house of representatives and  
40 the joint legislative budget committee.

41 Sec. 25. Section 38-883, Arizona Revised Statutes, is amended to  
42 read:

43 38-883. Board of trustees: powers and duties

44 A. The board shall:

- 1           1. Maintain records of the operation and administration of the plan  
2 and fund.
- 3           2. Contract on a fee basis for an independent annual audit of the  
4 accounting records of the plan and fund and file a copy of the audit  
5 report with the auditor general.
- 6           3. Employ on a fee basis an independent firm of actuaries to  
7 perform annual actuarial valuations for each participating employer of the  
8 plan and fund based on an actuarial cost method and actuarial assumptions  
9 recommended by the actuary and adopted by the board. The actuarial  
10 valuations shall be performed by or under the direct supervision of an  
11 actuary who is a member of the American academy of actuaries. By November  
12 1 of each year, the board shall provide a preliminary report and by  
13 December ~~15~~ 1 of each year provide a final report to the governor, the  
14 speaker of the house of representatives and the president of the senate on  
15 the contribution rate for the ensuing fiscal year.
- 16           4. Invest and reinvest the monies and assets of the fund in  
17 accordance with the investment provisions of the public safety personnel  
18 retirement system. The board may commingle securities and monies of the  
19 fund subject to the crediting of receipts and earnings and charging of  
20 payments to the account of the appropriate employer.
- 21           5. Submit a detailed annual report of the operation and investment  
22 performance of the plan and fund to the governor, the legislature and the  
23 members of the plan. The board shall submit the annual report no later  
24 than six months after the end of the fiscal year to which it pertains.
- 25           B. The board of trustees may:
  - 26           1. Employ services it deems necessary, including legal services,  
27 for the operation and administration of the plan and fund.
  - 28           2. Utilize separate or commingled investment vehicles.
  - 29           3. Delegate authority to the administrator employed pursuant to  
30 section 38-848, subsection M, paragraph 6.
  - 31           4. Appear before local boards and the courts and political  
32 subdivisions of this state through counsel or appointed representatives to  
33 protect the fund. The board of trustees is not responsible for the  
34 actions or omissions of the local boards under this plan but may seek  
35 review or a rehearing of actions or omissions of local boards. The board  
36 of trustees does not have a duty to review actions of the local boards but  
37 may do so, in its discretion, in order to protect the fund.
  - 38           5. Perform all acts, whether or not expressly authorized, that it  
39 deems necessary and proper for the protection of the plan and fund.
- 40           Sec. 26. Repeal: transfer of monies
- 41           A. Section 40-443, Arizona Revised Statutes, is repealed.
- 42           B. All unexpended and unencumbered monies remaining in the pipeline  
43 safety revolving fund established by section 40-443, Arizona Revised  
44 Statutes, as repealed by subsection A of this section, are transferred to  
45 the state general fund on the effective date of this section.

1           Sec. 27. Title 41, chapter 4, article 1, Arizona Revised Statutes,  
2 is amended by adding section 41-708, to read:

3           41-708. Annual report; state employee salaries; full-time  
4           equivalent positions; definitions

5           A. ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE DEPARTMENT SHALL  
6 COLLECT FROM EACH BUDGET UNIT AND SHALL SUBMIT TO THE JOINT LEGISLATIVE  
7 BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND  
8 BUDGETING A REPORT CONTAINING THE NUMBER OF FULL-TIME EQUIVALENT POSITIONS  
9 AND THE TOTAL AMOUNT OF SALARIES FOR EACH BUDGET UNIT FOR THE PRIOR FISCAL  
10 YEAR, DELINEATED BY:

- 11           1. RETIREMENT SYSTEM.
- 12           2. EMPLOYEE TIER.
- 13           3. FUND SOURCE.

14           B. FOR THE PURPOSES OF THIS SECTION:

- 15           1. "BUDGET UNIT":

16           (a) MEANS A DEPARTMENT, COMMISSION, BOARD, INSTITUTION OR OTHER  
17 AGENCY OF THIS STATE THAT RECEIVES, EXPENDS OR DISBURSES STATE MONIES OR  
18 INCURS OBLIGATIONS OF THIS STATE.

19           (b) DOES NOT INCLUDE THE ARIZONA BOARD OF REGENTS, UNIVERSITIES  
20 UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS AND COMMUNITY  
21 COLLEGE DISTRICTS.

22           2. "EMPLOYEE TIER" MEANS A CLASS OF EMPLOYEES IN A RETIREMENT  
23 SYSTEM IN WHICH EACH EMPLOYEE IS SUBJECT TO THE SAME EMPLOYER CONTRIBUTION  
24 RATE PURSUANT TO TITLE 38, CHAPTER 5.

25           Sec. 28. Section 41-714, Arizona Revised Statutes, is amended to  
26 read:

27           41-714. Automation projects fund; subaccounts; exemption;  
28           purpose; joint legislative budget committee review

29           A. The automation projects fund is established consisting of monies  
30 appropriated by the legislature. The department of administration shall  
31 administer the fund. Monies in the fund are subject to legislative  
32 appropriation. THE DIRECTOR SHALL ESTABLISH A SEPARATE SUBACCOUNT FOR  
33 EACH AGENCY THAT IMPLEMENTS, UPGRADES OR MAINTAINS AUTOMATION AND  
34 INFORMATION TECHNOLOGY PROJECTS. MONIES IN EACH SUBACCOUNT ARE SUBJECT TO  
35 LEGISLATIVE APPROPRIATION. MONIES MAY NOT BE TRANSFERRED BETWEEN AGENCY  
36 SUBACCOUNTS. Monies in the fund are exempt from the provisions of section  
37 35-190 relating to lapsing of appropriations.

38           B. Monies in the fund shall be used to implement, upgrade or  
39 maintain automation and information technology projects for any state  
40 agency.

41           C. Before the expenditure of any monies from the fund, the joint  
42 legislative budget committee shall review the expenditure plan presented  
43 by the department for the fiscal year in which the monies are to be spent.  
44 THE EXPENDITURE PLAN SHALL INCLUDE THE PROJECT COST, DELIVERABLES,  
45 TIMELINE FOR COMPLETION AND METHOD OF PROCUREMENT.



1           Sec. 29. Section 41-750, Arizona Revised Statutes, is amended to  
2 read:

3           41-750. Contribution of pro rata share for personnel division  
4                                   fund

5           A. All state agencies shall contribute a pro rata share of the  
6 overall cost of personnel administration services provided by the  
7 department. The pro rata share shall be payable by payroll fund source,  
8 and the resultant amount shall be deposited, pursuant to sections 35-146  
9 and 35-147, in a personnel division fund for appropriation by the  
10 legislature for the state personnel board, **THE GOVERNOR'S OFFICE OF EQUAL**  
11 **OPPORTUNITY** and the personnel division of the department. The pro rata  
12 share shall be 0.86 ~~per cent~~ **PERCENT** of the total payroll of the state  
13 agency. Of the 0.86 ~~per cent~~ **PERCENT** pro rata share, 0.03 ~~per cent~~  
14 **PERCENT** of total payroll shall be deposited in a separate subaccount of  
15 the personnel division fund for use by the state personnel board and ~~shall~~  
16 **be IS** subject to legislative appropriation. Total payroll shall include  
17 all fund sources, including the state general fund, federal monies,  
18 special revenue funds, intergovernmental revenue monies, trust funds and  
19 other payroll fund sources.

20           B. A claim for the pro rata share percentage payment shall be  
21 submitted according to the fund source, with the accompanying payroll to  
22 the department for deposit in the personnel division fund.

23           C. Notwithstanding section 35-190, only monies in excess of five  
24 hundred thousand dollars revert to the state general fund at the end of  
25 each fiscal year. The state comptroller shall pay any monies determined  
26 to be owed to the federal government from the personnel division fund  
27 before calculating the reversion.

28           D. Monies contributed based on the personnel services for  
29 individuals employed by the Arizona state retirement system and monies  
30 contributed based on the personnel services for individuals employed by  
31 the public safety personnel retirement system as the pro rata share shall  
32 not revert to the state general fund and shall be separately accounted for  
33 and reverted to the Arizona state retirement system, the public safety  
34 personnel retirement system, the elected officials retirement plan or the  
35 corrections officer retirement plan, as applicable.

36           Sec. 30. Section 41-791.02, Arizona Revised Statutes, is amended to  
37 read:

38           41-791.02. Powers and duties relating to acquiring property;  
39                                   lease purchase agreements; eminent domain; JLBC  
40                                   approval

41           A. The director may acquire, in the name of this state, by gift,  
42 grant, purchase, lease purchase, condemnation or any other lawful manner,  
43 real property, buildings, energy systems or energy management systems  
44 ~~which~~ **THAT** are necessary, useful or convenient for the use of this state,  
45 but no land or building may be acquired by purchase or condemnation

1 without prior approval of the joint committee on capital review and an  
2 appropriation of monies by the legislature for such AN acquisition.

3 B. Any lease purchase agreement relating to land acquisition,  
4 capital projects, energy systems or energy management systems under this  
5 section shall provide that:

6 1. The obligation of this state to make any payment under the  
7 agreement is a current expense of the department, payable exclusively from  
8 appropriated monies, and is not a general obligation indebtedness of this  
9 state or the department.

10 2. If the legislature fails to appropriate monies or the department  
11 fails to allocate such monies for any periodic payment or renewal term of  
12 the agreement, the agreement terminates at the end of the current term and  
13 this state and the department are relieved of any subsequent obligation  
14 under the agreement.

15 3. The agreement ~~shall~~ be reviewed and approved by the attorney  
16 general before the agreement may take effect.

17 4. The agreement ~~shall~~ be reviewed and approved by the joint  
18 committee on capital review before the agreement takes effect.

19 C. The department may covenant to use its best efforts to budget,  
20 obtain, allocate and maintain sufficient appropriated monies to make  
21 payments under a lease purchase agreement, but the agreement shall  
22 acknowledge that appropriating state monies is a legislative act and is  
23 beyond the control of the department or of any other party to the  
24 agreement.

25 D. A lease purchase agreement under this section shall be submitted  
26 to the attorney general to review for compliance with the constitution and  
27 laws of this state. If in ~~his~~ THE ATTORNEY GENERAL'S opinion the  
28 agreement so complies, ~~he~~ THE ATTORNEY GENERAL shall ~~append his~~  
29 ~~certification to~~ CERTIFY the agreement, return it to the department and  
30 transmit a copy to the joint committee on capital review. On request by  
31 the director, the attorney general may give other opinions relating to the  
32 agreement.

33 E. A lease purchase agreement under this section shall be reviewed  
34 and approved by the joint committee on capital review before the agreement  
35 takes effect.

36 F. The director may lease any property owned by this state at fair  
37 rental value, or on other terms and conditions if the lessee is a  
38 political subdivision of this state. If the property was purchased  
39 through the capital outlay stabilization fund as set forth in section  
40 41-792.01, subsection A, the net income received from any such lease shall  
41 be credited to the capital outlay stabilization fund. All other lease net  
42 incomes shall be credited to the state general fund.

43 G. The director, with the consent of the governor, may lease  
44 property ~~which~~ THAT is acquired under this article for public purposes and

1 convey in the name of this state easements for roadways, walkways and  
2 utility purposes on any of the real property acquired under this article.

3 H. If the power of eminent domain is exercised, it shall be  
4 exercised as provided in sections 12-1111 through 12-1128.

5 I. The amount paid for any property purchased by the department,  
6 except such property as may be acquired by condemnation and property  
7 acquired in any manner within the governmental mall ~~comprised~~ COMPOSED of  
8 the area described in section 41-1362, shall not exceed the appraised  
9 value as fixed by an appraiser, to be appointed by the director, who ~~shall~~  
10 ~~be~~ IS a ~~well-qualified~~ WELL-QUALIFIED appraiser and a designated member of  
11 a nationally recognized real estate appraisal association, institute or  
12 society. If the department orders only one appraisal of the property, the  
13 property owner may request, and the department shall provide, a second  
14 appraisal. Each appraisal ordered by the department for a property shall  
15 be conducted by a different firm. If more than one appraisal is  
16 conducted, the director may use either appraisal in determining the  
17 appraised value affixed by the appraiser. A contract for appraisal  
18 services shall be awarded in accordance with chapter 23 of this  
19 title. Before the property within the governmental mall is acquired as  
20 provided in this subsection, the joint committee on capital review shall  
21 review and approve the purchase of the property.

22 J. The director may dispose of real property acquired by the  
23 department or any right, title or other interest in such property if the  
24 director determines that it is no longer needed or used for state  
25 purposes. The director, after the establishment, laying out or  
26 substantial completion of an improvement to such real property, may convey  
27 the real property or any interest in the real property ~~which~~ THAT the  
28 director determines is not necessary, useful or convenient for the use of  
29 such AN improvement by this state. The conveyance shall be made to the  
30 highest and most responsible bidder at a public sale held for that  
31 purpose.

32 K. BEFORE ENTERING INTO ANY CONTRACT OR AGREEMENT WITH A CITY OR  
33 REGIONAL PUBLIC TRANSPORTATION AUTHORITY REGARDING THE PLACEMENT OF A  
34 LIGHT RAIL STATION IN THE GOVERNMENTAL MALL, THE DIRECTOR SHALL SUBMIT THE  
35 CONTRACT OR AGREEMENT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE FOR  
36 APPROVAL.

37 Sec. 31. Title 41, chapter 4, article 7, Arizona Revised Statutes,  
38 is amended by adding section 41-792.02, to read:

39 41-792.02. Capitol mall consolidation fund; use; review

40 A. THE CAPITOL MALL CONSOLIDATION FUND IS ESTABLISHED CONSISTING OF  
41 MONIES APPROPRIATED BY THE LEGISLATURE. THE DEPARTMENT SHALL ADMINISTER  
42 THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION AND  
43 ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF  
44 APPROPRIATIONS.

1 B. MONIES IN THE FUND SHALL BE USED FOR BUILDING RENEWAL AND  
2 RENOVATIONS OF STATE-OWNED BUILDINGS.

3 C. BEFORE SPENDING MONIES IN THE FUND, THE DIRECTOR SHALL SUBMIT AN  
4 EXPENDITURE PLAN FOR REVIEW BY THE JOINT COMMITTEE ON CAPITAL REVIEW.

5 Sec. 32. Section 41-1279, Arizona Revised Statutes, is amended to  
6 read:

7 41-1279. Joint legislative audit committee; composition;  
8 meetings; powers and duties; committee termination

9 A. The joint legislative audit committee is established consisting  
10 of five members of the senate WHO ARE appointed by the president of the  
11 senate, one of whom ~~shall be~~ IS a member of the senate appropriations  
12 committee, and five members of the house of representatives WHO ARE  
13 appointed by the speaker of the house of representatives, one of whom  
14 ~~shall be~~ IS a member of the house of representatives appropriations  
15 committee. Selection of members shall be based on their understanding OF  
16 and interest in legislative audit oversight functions. Not more than  
17 three appointees of each house shall be of the same political party. The  
18 president and the speaker shall designate one of their appointed members  
19 as chairman of their respective delegation. The chairman of the audit  
20 committee shall serve for the term of each legislature. The chairmanship  
21 of the audit committee shall alternate between the chairman of the senate  
22 delegation and the chairman of the house of representatives delegation  
23 beginning with the chairman of the senate delegation. The president of  
24 the senate and the speaker of the house of representatives shall also  
25 serve as ex officio members of the committee.

26 B. The committee shall meet at least quarterly and on call of the  
27 chairman. Members of the committee are eligible for reimbursement by  
28 their respective houses in the same manner as a member of the legislature  
29 who attends a meeting of a standing committee.

30 C. The committee shall:

31 1. Oversee all audit functions of the legislature and state  
32 agencies, including sunset, performance, special and financial audits,  
33 special research requests and the preparation and introduction of  
34 legislation resulting from audit report findings.

35 2. Appoint an auditor general subject to approval by a concurrent  
36 resolution of the legislature and direct the auditor general to perform  
37 all sunset, performance, special and financial audits and investigations.

38 3. Have the power of legislative subpoena in accordance with  
39 article 4 of this chapter.

40 4. Require state agencies to comply with findings and directions of  
41 the committee regarding sunset, performance, special and financial audits.

42 5. Perform all functions required by chapter 27 of this title  
43 relating to the sunset review of state agencies.

44 D. The committee established by this section ends on July 1, ~~2018~~  
45 2026 pursuant to section 41-3103.

1           Sec. 33. Repeal  
2           Section 41-1361, Arizona Revised Statutes, is repealed.  
3           Sec. 34. Section 41-1362, Arizona Revised Statutes, is amended to  
4 read:  
5           41-1362. Department of administration; powers and duties;  
6                     governmental mall description; duty of city of  
7                     Phoenix; general plan application  
8           A. The ~~commission~~ DEPARTMENT OF ADMINISTRATION may:  
9           1. Accept gifts or grants of monies or other property from any  
10 person, including the United States or any agencies, departments or  
11 officers of the state.  
12           ~~2. Appoint and employ officers and employees as it deems necessary.~~  
13           ~~3.~~ 2. Prescribe rules as necessary to carry out ~~the provisions of~~  
14 this article.  
15           B. The ~~commission~~ DEPARTMENT OF ADMINISTRATION shall:  
16           ~~1. Elect a chairman from among its members.~~  
17           ~~2.~~ 1. Develop and maintain and amend as necessary a comprehensive  
18 long-range general plan for the development of the governmental mall  
19 ~~comprised~~ COMPOSED of the area described in subsection C of this section.  
20           ~~3.~~ 2. Encourage public agencies as defined in section 11-951 to  
21 enter into intergovernmental agreements or contracts pursuant to title 11,  
22 chapter 7, article 3 as necessary to implement the general plan for the  
23 development of the governmental mall.  
24           ~~4.~~ 3. Review and approve or disapprove in writing requests for  
25 permission to develop structures or sites or award construction contracts  
26 for new buildings or improvements within the governmental mall. The  
27 ~~commission~~ DEPARTMENT shall review requests submitted by ~~the~~ THIS state or  
28 a political subdivision of this state in which ~~the~~ THIS state or political  
29 subdivision has a contractual interest to ensure consistency with the  
30 approved general plan.  
31           ~~5.~~ 4. Review all planning activities within governmental mall  
32 boundaries.  
33           ~~6.~~ 5. Publish an annual report on the issues brought before the  
34 ~~commission~~ DEPARTMENT and its recommendations.  
35           C. The governmental mall is ~~comprised~~ COMPOSED of the area with a  
36 western boundary of nineteenth avenue, a northern boundary of all lots  
37 abutting Van Buren street, an eastern boundary of seventh avenue and a  
38 southern boundary of the Harrison street alignment.  
39           D. The city of Phoenix annually shall inform the ~~commission~~  
40 DEPARTMENT OF ADMINISTRATION of new major development projects and new  
41 major infrastructure improvements, including ~~but not limited to~~ parks,  
42 streets and street-scaping within the downtown area redevelopment plan as  
43 defined ~~pursuant to~~ IN section 36-1471.  
44           E. If the general plan of the city, county or state agency for land  
45 development does not conform with the general plan developed by the

1 ~~commission~~ DEPARTMENT OF ADMINISTRATION for the development of the  
2 governmental mall, the general plan developed by the ~~commission~~ DEPARTMENT  
3 for the development of the governmental mall applies and shall be  
4 enforced.

5 Sec. 35. Section 41-1363, Arizona Revised Statutes, is amended to  
6 read:

7 41-1363. Monuments and memorials within governmental mall;  
8 legislative authorization; approval; procedure

9 A. Notwithstanding section 34-225 or any other law, a monument or  
10 memorial ~~in recognition of~~ RECOGNIZING or honoring a person, group, entity  
11 or event shall be located in the governmental mall only if a prior  
12 legislative act authorizes the monument or memorial.

13 B. After legislative authorization, a monument or memorial may be  
14 established by the following procedures:

15 1. The proponents shall submit a concept to the department of  
16 administration for the design, dimensions and location of the monument or  
17 memorial.

18 2. The department of administration shall review the concept and  
19 determine the most appropriate location that highlights the monument or  
20 memorial and preserves the integrity of the governmental mall.

21 ~~3. The department of administration shall submit its review and~~  
22 ~~recommendations to the legislative governmental mall commission including~~  
23 ~~recommendations regarding its ability to maintain the monument or~~  
24 ~~memorial.~~

25 ~~4.~~ 3. After recommendations from the historical advisory  
26 commission regarding the historical integrity of the monument or memorial  
27 and after any necessary negotiations with the proponents, ~~the legislative~~  
28 ~~governmental mall commission, in consultation with~~ the department of  
29 administration, shall approve the final design, dimensions, location and  
30 maintenance requirements of the monument or memorial, the minimum dollar  
31 amount required for deposit in the state monument and memorial repair fund  
32 established by section 41-1365 and any statement, declaration, writing or  
33 inscription that will be imprinted or stamped on the monument or memorial.

34 ~~5.~~ 4. Before the beginning of construction of the monument or  
35 memorial, the proponents shall enter into a contract with the department  
36 of administration specifying the conditions of the design, dimensions and  
37 location of the monument or memorial, a list of the artists, contractors  
38 and subcontractors that will be employed, the minimum dollar amount  
39 required for deposit in the state monument and memorial repair fund  
40 established by section 41-1365 and a verification that all employees for  
41 the project are insured and that this state is indemnified against any  
42 liability in regard to the construction.

43 ~~6.~~ 5. An approved monument or memorial shall be completed and  
44 dedicated to this state within two years after the effective date of the  
45 legislative act authorizing the monument or memorial.

1 C. Except as otherwise provided in this section or section 41-1365,  
2 all fund-raising, ~~AND THE~~ establishment and administration of a fund for  
3 deposit of monies and contracts for artistic design and construction of  
4 the monument or memorial are the sole responsibility of the proponents.

5 D. If the completed monument or memorial deviates from the final  
6 design or dimension that was approved by the ~~legislative governmental mall~~  
7 ~~commission~~ DEPARTMENT OF ADMINISTRATION or any statement, declaration,  
8 writing or inscription that is imprinted or stamped on the monument or  
9 memorial deviates from that which was approved by the ~~legislative~~  
10 ~~governmental mall commission~~ DEPARTMENT, the proponents are responsible  
11 for any costs incurred to conform the monument or memorial to the approved  
12 form.

13 E. The proponents shall collect an amount equal to at least ten ~~per~~  
14 ~~cent~~ PERCENT of the artistic design and construction costs of the monument  
15 or memorial or the amount approved by the ~~legislative governmental mall~~  
16 ~~commission~~ DEPARTMENT OF ADMINISTRATION as provided in subsection B of  
17 this section. The department ~~of administration~~ shall deposit these monies  
18 in the state monument and memorial repair fund established by section  
19 41-1365 for the maintenance, repair, reconditioning or relocation of that  
20 monument or memorial. The monies must be deposited in the fund before the  
21 beginning of construction of the monument or memorial.

22 F. ~~On review and approval by the legislative governmental mall~~  
23 ~~commission;~~ The department of administration may relocate monuments or  
24 memorials that are located in the governmental mall.

25 G. This section does not apply to monuments or memorials in which a  
26 political subdivision has a contractual interest ~~and~~ that are located in  
27 the governmental mall but that are outside Wesley Bolin plaza.

28 Sec. 36. Section 41-1364, Arizona Revised Statutes, is amended to  
29 read:

30 41-1364. Alteration or modification to monuments and  
31 memorials within governmental mall; procedures;  
32 approval

33 A. Any alteration or modification to an existing monument or  
34 memorial that was completed pursuant to section 41-1363 must abide by the  
35 following procedures:

36 1. The proponents of the monument or memorial that submitted the  
37 concept pursuant to section 41-1363 shall submit the proposed alteration  
38 or modification to the ~~legislative governmental mall commission~~ DEPARTMENT  
39 OF ADMINISTRATION.

40 2. After recommendations from the historical advisory commission  
41 regarding what impact the proposed alteration or modification would have  
42 on the historical integrity of the existing monument or memorial and after  
43 any necessary negotiations with the proponents, the ~~legislative~~  
44 ~~governmental mall commission~~ DEPARTMENT OF ADMINISTRATION shall approve or  
45 reject the proposed alteration or modification.

1           3. If the proposed alteration or modification is approved and  
2 before the beginning of construction involved in implementing the  
3 alteration or modification to the monument or memorial, the proponents  
4 shall enter into a contract with the department of administration  
5 specifying the scope of the alteration or modification to the monument or  
6 memorial, a list of the artists, contractors and subcontractors that will  
7 be employed and a verification that all employees for the project are  
8 insured and that this state is indemnified against any liability in regard  
9 to the construction involved in implementing the alteration or  
10 modification to the monument or memorial.

11           4. The alteration or modification to an existing monument or  
12 memorial shall be completed and dedicated to this state within two years  
13 after the effective date of the approval of the alteration or modification  
14 by the ~~legislative governmental mall commission~~ DEPARTMENT OF  
15 ADMINISTRATION.

16           B. All fund-raising, ~~AND THE~~ establishment and administration of a  
17 fund for deposit of monies and contracts for artistic design and  
18 construction of the alteration or modification to the existing monument or  
19 memorial are the sole responsibility of the proponents.

20           Sec. 37. Section 41-1365, Arizona Revised Statutes, is amended to  
21 read:

22           41-1365. State monument and memorial repair fund; purpose;  
23 report; exemption

24           A. The state monument and memorial repair fund is established  
25 consisting of:

- 26           1. Donations.
- 27           2. Monies ~~derived~~ from fund-raising activities.
- 28           3. Monies that are collected by the proponents of a monument or  
29 memorial and that are deposited pursuant to section 41-1363.
- 30           4. Grants received for monuments or memorials, except for otherwise  
31 specifically dedicated grants.
- 32           5. Legislative appropriations.

33           B. The department of administration shall administer the fund.  
34 All monies in the fund are subject to legislative appropriation. Subject  
35 to this section, the department shall use monies appropriated from the  
36 fund for the maintenance, repair, reconditioning or relocation of  
37 monuments or memorials and for supporting mechanical equipment in the  
38 governmental mall.

39           C. The department shall separately account for monies to a specific  
40 monument or memorial that is dedicated to this state for maintenance,  
41 repair, reconditioning or relocation of that monument or memorial as  
42 follows:

- 43           1. Monies that are donated for the benefit of the specific monument  
44 or memorial.



1           2. Monies that are derived from fund-raising activities and that  
2 are collected for the benefit of a specific monument or memorial.

3           3. Monies that are collected and deposited pursuant to subsection  
4 A, paragraph 3 of this section.

5           D. On or before November 1 of each year, the department of  
6 administration shall submit to the ~~legislative governmental mall~~  
7 ~~commission~~ JOINT LEGISLATIVE BUDGET COMMITTEE a report that accounts for  
8 all monies deposited in the fund. The report shall include the sources of  
9 the monies received for deposit, by category, and the purposes for which  
10 the monies were used during the preceding fiscal year.

11           E. The department of administration shall hold the monies in the  
12 fund in trust for the citizens of this state until spent on an authorized  
13 monument or memorial, and monies in the fund shall not be spent or  
14 appropriated for any other purpose.

15           F. Monies in the fund are exempt from the provisions of section  
16 35-190 relating to lapsing of appropriations.

17           Sec. 38. Unrestricted federal monies; essential government  
18 services

19           Any unrestricted federal monies received by this state beginning  
20 July 1, 2018 through June 30, 2019 shall be deposited in the state general  
21 fund. The monies shall be used to pay essential governmental services.

22           Sec. 39. Rental rates; state-owned buildings; fiscal year  
23 2018-2019

24           Notwithstanding section 41-792.01, subsection D, Arizona Revised  
25 Statutes, the capital outlay stabilization fund rental rates for  
26 state-owned buildings in fiscal year 2018-2019 are \$16.08 per square foot  
27 for office space and \$5.79 per square foot for storage space.

28           Sec. 40. Data processing acquisition fund; records services  
29 fund; use

30           Notwithstanding sections 18-441 and 41-151.12, Arizona Revised  
31 Statutes, the secretary of state may use the amounts appropriated to the  
32 office of the secretary of state in fiscal year 2018-2019 from the data  
33 processing acquisition fund established by section 18-441, Arizona Revised  
34 Statutes, and the records services fund established by section 41-151.12,  
35 Arizona Revised Statutes, for election services.

36           Sec. 41. Assessment fund for voluntary plans; use

37           Notwithstanding section 20-2201, Arizona Revised Statutes, the  
38 department of insurance may use monies in the assessment fund for  
39 voluntary plans established by section 20-2201, Arizona Revised Statutes,  
40 in fiscal years 2018-2019 and 2019-2020 to pay for the cost of  
41 administering the out-of-network claim dispute resolution process  
42 prescribed by title 20, chapter 20, article 2, Arizona Revised Statutes.

43           Sec. 42. Liability setoff program revolving fund; use

44           Notwithstanding section 42-1122, Arizona Revised Statutes, the  
45 department of revenue may use the amount appropriated to the department in

1 fiscal year 2018-2019 from the liability setoff program revolving fund  
2 established by section 42-1122, Arizona Revised Statutes, for general  
3 operating expenses.

4 Sec. 43. Budget stabilization fund; exceptions

5 Notwithstanding section 35-144, Arizona Revised Statutes, for fiscal  
6 years 2018-2019, 2019-2020 and 2020-2021, the legislature is not required  
7 to appropriate monies to or transfer monies from the budget stabilization  
8 fund.

9 Sec. 44. Sale of state buildings and land; proceeds; deposit;  
10 fiscal year 2018-2019

11 Notwithstanding any other law, the proceeds from the sale of state  
12 buildings located at 2910 North 44th Street in Phoenix and 2162 North  
13 Vickey Street in Flagstaff and land located at the corner of South Home  
14 Street and East Baseline Road in Mesa in fiscal year 2018-2019 shall be  
15 deposited in the capitol mall consolidation fund established by section  
16 41-792.02, Arizona Revised Statutes, as added by this act.

17 Sec. 45. Budget unit estimates; transmitted

18 Notwithstanding section 35-112, Arizona Revised Statutes, the  
19 governor's office of strategic planning and budgeting shall transmit  
20 budget request forms to budget units on or before July 1, 2018 for the  
21 ensuing fiscal year.

22 Sec. 46. Retroactivity

23 A. Section 45 of this act applies retroactively to from and after  
24 May 31, 2018.

25 B. Section 41-1279, Arizona Revised Statutes, as amended by this  
26 act, applies retroactively to from and after June 30, 2018.