House Engrossed

State of Arizona
House of Representatives
Fifty-fourth Legislature
Second Regular Session
2020

CHAPTER 19

HOUSE BILL 2406

AN ACT

AMENDING SECTION 35-315, ARIZONA REVISED STATUTES; RELATING TO THE STATE MANAGEMENT OF PUBLIC MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 35-315, Arizona Revised Statutes, is amended to read:

35-315. Servicing banks; qualifications; proposals; definitions

A. Any bank that is eligible to become an eligible depository having a total capital structure of $10,000,000 or more and assets of $100,000,000 or more and that is otherwise in a sound condition is eligible to be the servicing bank for the state.

B. The state board of investment shall provide for public notice to the banks qualified to be a servicing bank of the time and place at which servicing proposals will be received. Requests for proposals shall clearly specify all services required to be performed by the servicing bank. The servicing proposal submitted shall be the compensation for which the qualified bank will agree to perform the required services as a servicing bank for the ensuing period of designation as established by the board of investment. The award shall be made for a period of not more than five years and may be paid from state general fund interest earnings according to rules adopted by the board of investment.

C. The state treasurer shall receive the servicing proposals in writing. Only those proposals that conform to the specifications set forth in the request for proposals shall be considered. The qualified bank submitting the proposal with the highest value to this state, as determined by the state treasurer and the board of investment, shall be designated as the servicing bank. Designations shall be evidenced by the signing of the final proposal by the state treasurer, the board of investment and the designee bank. The state treasurer may maintain a bank account in conjunction with the servicing bank account, which must always have on deposit a sum of money approximating the average dollar value of daily warrants paid by the bank the previous month.

D. The state treasurer may request and qualified banks may submit proposals for any or all of the services required. The state treasurer may specify differing contract periods for any of the services required.

E. The state treasurer or servicing bank may terminate a servicing bank contract at any time after sixty days' prior written notice is given.

F. In addition to the services required of the servicing bank, the state treasurer shall contract for all other ~~banking~~ FINANCIAL services required by any state agency. A state agency shall not contract for ~~banking~~ FINANCIAL services except with the written permission of the state treasurer.

G. This section does not require the state treasurer to use a servicing bank.

H. This section or the specifications set forth in the request for proposals do not require the servicing bank to purchase warrants.

I. Deposits and withdrawals of monies shall be made by the state treasurer on the servicing bank.

J. A MERCHANT SERVICER OR PAYMENT SERVICE PROVIDER MAY PROVIDE PAYMENT PROCESSING AND GATEWAY SERVICES.

K. FOR THE PURPOSES OF THIS SECTION:

1. "FINANCIAL SERVICES" MEANS BANKING AND MERCHANT SERVICES PROVIDED BY A BANK, CREDIT UNION, FINANCIAL INSTITUTION, FINANCIAL SERVICES COMPANY OR FINANCIAL TECHNOLOGY COMPANY AND INCLUDES:

(a) ESTABLISHING BANK ACCOUNTS.

(b) DEPOSITORY SERVICES.

(c) ELECTRONIC PAYMENT SERVICES.

(d) PROVIDING MERCHANT CARD EQUIPMENT.

(e) PAYMENT PROCESSING AND GATEWAY SERVICES.

2. "PAYMENT PROCESSING AND GATEWAY SERVICES" MEANS A PAYMENT GATEWAY THAT FACILITATES A PAYMENT TRANSACTION BY TRANSFERRING INFORMATION BETWEEN A PAYMENT PORTAL, INCLUDING A WEBSITE, MOBILE PHONE OR INTERACTIVE VOICE RESPONSE SERVICE, AND THE FRONT-END PROCESSOR OR ACQUIRING BANK.

APPROVED BY THE GOVERNOR MARCH 23, 2020.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 23, 2020.