CHAPTER 266

HOUSE BILL 2750

AN ACT

AMENDING SECTIONS 15-1444 AND 15-1642, ARIZONA REVISED STATUTES; REPEALING SECTION 15-1647, ARIZONA REVISED STATUTES; AMENDING SECTION 15-1655, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2017, CHAPTER 310, SECTION 5; REPEALING SECTION 15-1655, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2018, CHAPTER 281, SECTION 3; AMENDING SECTIONS 15-1670 AND 35-146, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO BUDGET RECONCILIATION FOR HIGHER EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 15-1444, Arizona Revised Statutes, is amended to read:

15-1444. General powers and duties of district governing boards

A. Except as otherwise provided, the district board shall:
1. Maintain each community college for a period of not less than eight months in each year and, if the funds of the district are sufficient, maintain each community college for a longer period.
2. Adopt policies in a public forum to offer programs that meet the educational needs of the population served by the community college.
3. Enforce the courses of study prescribed by the district board.
4. Visit each community college under its jurisdiction and examine carefully into its management, conditions and needs.
5. Exclude from each community college all books, publications or papers of a sectarian, partisan or denominational character intended for use as textbooks.
6. Appoint and employ a chancellor or chancellors, vice-chancellors, a president or presidents, vice presidents, deans, professors, instructors, lecturers, fellows and such other officers and employees it deems necessary. The district board may enter into employment contracts with chancellors, vice-chancellors and presidents for a duration of more than one year but not more than five years.
7. Determine the salaries of persons it appoints and employs. A DISTRICT MAY NOT COMPENSATE AN EMPLOYEE FOR WORK PERFORMED ON BEHALF OF AN ELECTED EMPLOYEE REPRESENTATIVE ORGANIZATION AND MAY NOT PROVIDE MORE FAVORABLE TERMS AND CONDITIONS OF EMPLOYMENT TO ANY EMPLOYEE BECAUSE THAT INDIVIDUAL BELONGS TO AN ELECTED EMPLOYEE REPRESENTATIVE ORGANIZATION.
8. Remove any officer or employee if in its judgment the interests of education in this state require the removal.
9. Award degrees, certificates and diplomas on the completion of courses and curricula as it deems appropriate.
10. Appoint or employ, if it deems necessary, police officers who shall have the authority and power of peace officers. The police officers who have received a certificate from the Arizona peace officer standards and training board are eligible for membership in and benefits under either title 38, chapter 5, article 2 or the public safety personnel retirement system under title 38, chapter 5, article 4.
11. Determine the location within the district of a community college and purchase, receive, hold, make and take leases of, sell and convey real or personal property for the benefit of the community colleges under its jurisdiction.
12. Obtain insurance or be self-insured, or a combination of insurance and self-insurance, against loss, to the extent it is determined
necessary on community college buildings of the district. The local
district shall have an insurable interest in the buildings.

B. The district board may:
   1. Administer trusts declared or created for the district and
      receive by gift or devise and hold in trust or otherwise property
      whereseover located, and if not otherwise provided, dispose of the
      property for the benefit of the district.
   2. Lease real property, as lessor or as lessee. If a district is
      the lessee, the lease may contain an option to purchase the property. The
      district board may adopt policies as are deemed necessary and may delegate
      in writing to the chancellor or president of the district, or their
      designees, all or any part of its authority to lease property under this
      paragraph. Any delegation by the district board pursuant to this
      paragraph may be rescinded in whole or in part at any time by the district
      board.
   3. Sue and be sued.
   4. Contract. The district board may adopt such policies as are
      deemed necessary and may delegate in writing to the chancellor or
      president of the district, or their designees, all or any part of its
      authority to contract under this paragraph. Any delegation of authority
      under this paragraph may be rescinded by the district board at any time in
      whole or in part.
   5. Construct, remodel and repair buildings.
   6. In conjunction with other districts, establish policies for
      procurement of goods and services.
   7. Provide a plan or plans for employee benefits, which may include
      optional retirement programs pursuant to section 15-1451, subsection A,
      which allow for participation in a cafeteria plan that meets the
      requirements of the United States internal revenue code of 1986.
   8. Accept grants or donations of monies from the United States or
      any of its agencies, departments or officers, this state, political
      subdivisions of this state, tribal governments, school districts, special
      taxing districts, persons, corporations, foundations or associations. The
      district board shall deposit the monies into a specific fund or account
      and shall administer the monies in accordance with the purpose of the
      grant or donation with specific policies or restrictions as described or
      stipulated in the grant or donation. In the case of personal property
      granted or donated to or for the benefit of a community college district,
      the district board shall immediately transfer possession and ownership of
      the property to the designated district. Monies received pursuant to this
      paragraph are not considered local revenues for the purposes of article
      IX, section 21, Constitution of Arizona.
   9. Enter into intergovernmental agreements or contracts pursuant to
      section 11-952.01 for participation in programs offered by public agency
      pools or separately contract with a trustee or board of trustees that
provides a common self-insurance program with pooled funds and risks pursuant to section 15-382, subsection B, paragraph 2. The district board is not required to engage in competitive procurement in order to make the decision to participate in these programs.

10. Name a building or a group of buildings that is located on a community college campus on behalf of a person or entity that has made a significant contribution of monies or other property to the community college or the community college district.

11. Enter into research and development agreements, royalty agreements, development agreements, licensing agreements and profit-sharing agreements concerning the research, development, production, storing or marketing of new products developed or to be developed through community college district research. Monies received pursuant to this paragraph are not considered local revenues for the purposes of article IX, section 21, Constitution of Arizona.

12. Enter into an intergovernmental agreement pursuant to section 15-1747 to participate in a reciprocity agreement subject to the terms of the reciprocity agreement.

13. Engage in entrepreneurial and commercial activities. Monies received pursuant to this paragraph are not considered local revenues for the purposes of article IX, section 21, Constitution of Arizona.

14. Collect auxiliary fees, including cafeteria fees, food service fees, bookstore fees and dormitory fees. Monies received pursuant to this paragraph are not considered local revenues for the purposes of article IX, section 21, Constitution of Arizona.

15. Provide goods and services pursuant to a contract with a political subdivision of this state or with a tribal government. Monies received pursuant to this paragraph are not considered local revenues for the purposes of article IX, section 21, Constitution of Arizona.

C. If a district acquires real or personal property, whether by purchase, exchange, condemnation, gift or otherwise, the district shall pay to the county treasurer any taxes on the property that were unpaid as of the date of acquisition, including penalties and interest. The lien for unpaid delinquent taxes, penalties and interest on property acquired by the district:

1. Is not abated, extinguished, discharged or merged in the title to the property.

2. Is enforceable in the same manner as other delinquent tax liens.

D. In a district whose boundaries encompass a vehicle emissions control area as defined in section 49-541, the district board shall require all out-of-county and out-of-state students to sign an affidavit at the time of course registration that the student's vehicle meets the requirements of section 49-542. The district board on property under its jurisdiction within a vehicle emissions control area shall prohibit the parking of those vehicles that fail to comply with section 49-542.
E. A community college district and a career technical education district governing board may enter into agreements for the provision of administrative, operational and educational services and facilities.

F. Each district may establish a program for the exchange of students between the community colleges under its jurisdiction and colleges and universities located in Sonora, Mexico. The program may provide for in-state tuition for Sonora students at the community colleges under the jurisdiction of the district in exchange for similar tuition provisions for Arizona students enrolled or seeking enrollment in Sonora colleges and universities. The community colleges may work in conjunction with the Arizona-Mexico commission in the governor’s office to coordinate recruitment and admissions activities to provide for in-state tuition for up to fifty Sonora students at the community colleges under the jurisdiction of the district in exchange for similar tuition provisions for up to fifty total Arizona students enrolled or seeking enrollment in Sonora colleges and universities.

G. Each district shall facilitate transfer articulation coordination pursuant to section 15-1824.

Sec. 2. Section 15-1642, Arizona Revised Statutes, is amended to read:

15-1642. Financial aid trust fund; aid to students with verifiable financial need; endowment

A. The Arizona board of regents may establish a financial aid trust fund for the purposes of providing immediate aid to students with verifiable financial need, including students who are underrepresented in the population of university students or who by virtue of their special circumstances present unique needs for financial aid, and creating an endowment for future financial aid. Subject to the limitations provided in subsection B, paragraph 3 OF THIS SECTION, the board may assess a surcharge upon registration fees paid by students for deposit in the fund. THE FUND SHALL ALSO CONSIST OF MONIES DEPOSITED PURSUANT TO SECTION 15-1670, SUBSECTION F.

B. The board shall adopt rules to govern the financial aid trust fund, including the following:

1. Twenty-five percent of the monies received each year shall be placed in the trust fund as a permanent endowment. The remaining monies received shall be used for immediate aid for students with verifiable financial need. At least fifty percent of the immediate aid monies shall be used for grant aid.

2. The immediate aid monies shall be distributed to the universities on a pro rata basis based on relative student contributions to the fund.

3. The surcharge on student registration shall not exceed one percent of the registration fee for students taking more than six credit surcharge hours. The surcharge hours for students taking fewer
than seven credit hours shall equal one-half the surcharge assessed
students taking more than six credit hours.

C. Each dollar raised pursuant to the surcharge on student
registration shall be matched by two-dollars $2 appropriated by the
legislature.

D. The board shall report every three years to the legislature on
the status of the financial aid trust fund. The report shall include the
use to which the monies have been put and the impact of such use.

E. Fund monies shall only be used in university assistance programs
approved by the board and such monies shall be in addition to, and not in
replacement of, existing state or institutional financial aid monies.
Assistance may be provided to full-time or part-time students. Monies
appropriated by this state shall not be used to provide assistance to
students who are not residents of this state.

Sec. 3. Repeal
Section 15-1647, Arizona Revised Statutes, is repealed.

Sec. 4. Section 15-1655, Arizona Revised Statutes, as added by Laws
2017, chapter 310, section 5, is amended to read:

15-1655. Arizona teachers academy; tuition and fees
scholarships; fund; annual report; definitions
A. For the 2017-2018 academic year, universities under the
jurisdiction of the Arizona board of regents ELIGIBLE POSTSECONDARY
INSTITUTIONS shall implement an Arizona teacher TEACHERS academy to
incentivize Arizona resident students to enter the teaching profession and
to commit to teach in Arizona public schools. The Arizona board of
regents, in consultation with universities under the jurisdiction of the
board ELIGIBLE POSTSECONDARY INSTITUTIONS, shall develop AND IMPLEMENT
CENTRALIZED ADMINISTRATIVE PROCESSES FOR THE ACADEMY, INCLUDING:

1. Metrics to assess the efficacy of the academy.

2. 1. A marketing and promotion plan to recruit students for the
academy.

2. DATA COLLECTION AND REPORTING.

3. TRACKING POSTGRADUATION SERVICE REQUIREMENTS.

4. COORDINATING INDUCTION SERVICES.

5. DISTRIBUTING MONIES IN THE ARIZONA TEACHERS ACADEMY FUND BETWEEN
ELIGIBLE POSTSECONDARY INSTITUTIONS.

6. COLLECTING REIMBURSEMENT FROM INDIVIDUALS WHO FAIL TO MEET
SERVICE OBLIGATIONS.

B. The Arizona teacher TEACHERS academy may include new or existing
teacher preparation program pathways that are student-focused and that
employ proven, research-based models of best practices already being
implemented. Each university ELIGIBLE POSTSECONDARY INSTITUTION may
develop a portfolio of teacher preparation programs to offer as part of
the academy. Programs offered as part of the academy shall include
accelerated models for:
1. High-demand teacher specializations, including special education, science, technology, engineering and mathematics.

2. Critical need areas, including low-income public schools, public schools located on Indian reservations and rural public schools.

2. Individuals seeking postbaccalaureate coursework that results in professional certification.

C. Each university eligible postsecondary institution shall develop formalized partnerships with public schools in this state to build commitments for teacher employment on completion of the Arizona teachers academy. The targeted deployment of teachers who have completed the academy shall be based on the needs of each school system and the community that is being served as well as the individual skills of each teacher.

D. Each university eligible postsecondary institution shall provide to each full-time student who is enrolled in the Arizona teachers academy an annual waiver scholarship of "$10,000 per year for a maximum of two academic years or four semesters for graduate university students, $5,000 per year for a maximum of four academic years or eight semesters for undergraduate university students, $3,000 per year for a maximum of two academic years or four semesters for community college students for all tuition and fees associated with the student's program of study and $2,500 one-time for teachers seeking national board certification, after all other financial gifts, aid or grants received by that student or teacher. Scholarships under this subsection are subject to all of the following:

1. If the student does not successfully complete the academic year in good academic standing, the student shall reimburse the university Arizona Board of Regents for the total amount of the waiver scholarship for tuition and fees the student received for that year.

2. For each academic year that the student successfully completes and for which the student receives a waiver scholarship for all tuition and fees, the student must agree to teach for one full school year in a public school in this state. For students teaching and receiving the scholarship concurrently, the commitment period begins after graduation from the Arizona teachers academy. For teachers seeking a national board certification, the teaching commitment is one additional year after completing the requirements of the national board certification program.

3. If the scholarship does not cover remaining tuition and fee costs after other aid received, the eligible postsecondary institution may not charge students the remaining difference. If the scholarship amount exceeds tuition and fee costs at an eligible postsecondary institution, the institution may use the remaining amount to support Arizona teachers academy costs.
3. 4. If the student does not fulfill the student's agreement to teach in a public school, the student must reimburse the university ARIZONA BOARD OF REGENTS for the proportional amount of the waiver SCHOLARSHIP for tuition and fees that the student received that corresponds to the number of school years the student agreed to teach but did not teach in a public school in this state.

4. 5. If the student is physically or mentally unable to fulfill the requirements of the ARIZONA TEACHERS academy, the university ARIZONA BOARD OF REGENTS shall assess and establish a process for assessing the student's ability to repay the financial assistance received and shall make a determination on any terms of repayment.

6. THE ARIZONA BOARD OF REGENTS SHALL ESTABLISH A PROCESS FOR DEFERRING SERVICE OR REPAYMENT BASED ON FACTORS ADOPTED BY THE BOARD.

E. STUDENTS ENROLLED IN A NONEDUCATION PROGRAM IN THE ARIZONA TEACHERS ACADEMY MUST COMPLETE ONE OR MORE TEACHER PREPARATION COURSES TO ENSURE THE LIKELIHOOD THAT THE STUDENT WILL TRANSITION INTO A POSTBACCALAUREATE PROGRAM TO RECEIVE A TEACHING CERTIFICATION FOLLOWING GRADUATION.

F. THE ARIZONA TEACHERS ACADEMY FUND IS ESTABLISHED CONSISTING OF LEGISLATIVE APPROPRIATIONS MADE FOR THE PURPOSE OF ADMINISTERING THE ARIZONA TEACHERS ACADEMY. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO THE LAPING OF APPROPRIATIONS. THE ARIZONA BOARD OF REGENTS SHALL ADMINISTER THE FUND AND SHALL ESTABLISH CRITERIA FOR DISTRIBUTING MONIES IN THE FUND TO ELIGIBLE POSTSECONDARY INSTITUTIONS EACH FISCAL YEAR TO FUND THE COSTS OF THE ACADEMY. MONIES IN THE FUND MAY BE USED ONLY FOR:

1. REIMBURSING ARIZONA TEACHERS ACADEMY SCHOLARSHIPS THAT COVER THE BALANCE OF TUITION AND FEES FOR UNDERGRADUATE, GRADUATE AND POSTBACCALAUREATE STUDENTS ENROLLED IN THE ARIZONA TEACHERS ACADEMY AFTER ALL OTHER GIFTS AND AID RECEIVED.

2. SUPPORT FOR TEACHERS WHO ARE CURRENTLY EMPLOYED IN A PUBLIC SCHOOL IN THIS STATE AND WHO ARE SEEKING A NATIONAL BOARD CERTIFICATION.

3. INDUCTION SERVICES FOR ARIZONA TEACHERS ACADEMY GRADUATES.

4. IMPLEMENTING A MARKETING AND PROMOTION PLAN TO RECRUIT AND RETAIN STUDENTS IN THE ARIZONA TEACHERS ACADEMY AND ADMINISTERING THE ARIZONA TEACHERS ACADEMY. ANNUAL EXPENDITURES FOR MARKETING, PROMOTING AND ADMINISTERING THE ARIZONA TEACHERS ACADEMY MAY NOT EXCEED THREE PERCENT OF THE MONIES IN THE FUND EACH FISCAL YEAR.

G. MONIES REMAINING IN THE ARIZONA TEACHERS ACADEMY FUND AT THE END OF EACH FISCAL YEAR MAY BE USED BY ELIGIBLE POSTSECONDARY INSTITUTIONS FOR ARIZONA TEACHERS ACADEMY COSTS IN THE NEXT FISCAL YEAR.

H. ON OR BEFORE AUGUST 1 OF EACH FISCAL YEAR, THE STATE GENERAL FUND APPROPRIATION FOR THE ARIZONA TEACHERS ACADEMY FOR THE CURRENT FISCAL YEAR SHALL BE REDUCED BY THE AMOUNT OF MONIES REMAINING IN THE ARIZONA TEACHERS ACADEMY FUND AT THE END OF THE PRIOR FISCAL YEAR.
I. On or before March 1, 2020 and each year thereafter, the Arizona Board of Regents shall report to the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting on all of the following:

1. The total number of students enrolled in the Arizona Teachers Academy by eligible postsecondary institution in the current academic year.

2. The number of Arizona Teachers Academy graduates receiving induction services in the current academic year.

3. The estimated amount of monies committed from the Arizona Teachers Academy Fund in the current fiscal year.

E. J. On or before July 1, 2018 September 1, 2019 and each year thereafter, the Arizona board of regents shall report to the governor, the president of the senate and the speaker of the house of representatives, and shall submit a copy to the secretary of state, on all of the following:

1. The total number of students enrolled in the Arizona Teachers academy at each university eligible postsecondary institution by year of college enrollment and the number of teachers receiving a scholarship through the Arizona Teachers Academy for National Board Certification.

2. The percentage of students who completed each year of the academy and who plan to continue to the subsequent year, delineated by each teacher preparation program offered by each university eligible postsecondary institution as part of the Arizona Teachers academy.

3. The number of teachers who completed a program of study through the Arizona Teachers academy by each eligible postsecondary institution.

4. The number of teachers currently teaching in a public school in this state as part of an agreement for receiving a full tuition and fee waiver an Arizona Teachers Academy Scholarship.

5. The number of graduates receiving induction services.

6. The number of students who have defaulted on their agreement obligation and who are in repayment agreements.

7. The number of students who have deferred repayment agreements.

8. The number of students who have completed repayment agreements.

9. The methodology for distributing any monies appropriated for the Arizona Teachers Academy to each eligible postsecondary institution and the amounts distributed to each.

10. The amount of unused monies in the Arizona Teachers Academy Fund from the prior fiscal year.

K. For the purposes of this section:
1. "Eligible postsecondary institutions" means universities under the jurisdiction of the Arizona Board of Regents and community colleges in this state that offer postbaccalaureate programs that lead to teacher
CERTIFICATION AND THAT HAVE ENTERED INTO AN AGREEMENT WITH THE ARIZONA
BOARD OF REGENTS RELATIVE TO THESE POSTBACCALAUREATE PROGRAMS.

2. "TUITION AND FEES" MEANS TUITION, MANDATORY FEES AND PROGRAM
FEES THAT ARE ASSOCIATED WITH A PROGRAM IN THE ARIZONA TEACHERS ACADEMY
LEADING TO TEACHER CERTIFICATION AND THAT ARE CHARGED BY AN ELIGIBLE
POSTSECONDARY INSTITUTION.

Sec. 5. Repeal
Section 15-1655, Arizona Revised Statutes, as amended by Laws 2018,
chapter 281, section 3, is repealed.

Sec. 6. Section 15-1670, Arizona Revised Statutes, is amended to
read:

15-1670. Appropriations for university research
infrastructure facilities; university transfers;
annual report; definitions

A. In fiscal years 2007-2008 through 2016-2017, the following sums
are appropriated each year from the state general fund to the respective
universities for lease-purchase capital financing for research
infrastructure projects:

1. $14,472,000 to Arizona state university.
2. $14,253,000 to the university of Arizona.
3. $5,900,000 to northern Arizona university.

B. In fiscal years 2017-2018 through 2030-2031, the following
sums are appropriated from the state general fund to Arizona state
university for lease-purchase capital financing for research
infrastructure projects:

1. In fiscal year 2017-2018, $13,481,000.
10. In fiscal year 2026-2027, $13,450,100.
12. In fiscal year 2028-2029, $13,430,800.

B. In fiscal years 2017-2018 through 2030-2031, the following
sums are appropriated from the state general fund to the university of
Arizona for lease-purchase capital financing for research infrastructure
projects:

1. In fiscal year 2017-2018, $14,249,300.
2. In fiscal year 2018-2019, $14,251,000.
5. In fiscal year 2021-2022, $14,248,900.  
7. In fiscal year 2023-2024, $14,247,300.  
8. In fiscal year 2024-2025, $14,248,400.  
10. In fiscal year 2026-2027, $14,251,300.  
11. In fiscal year 2027-2028, $14,254,100.  
12. In fiscal year 2028-2029, $14,251,500.  
13. In fiscal year 2029-2030, $14,252,500.  

D. In fiscal years 2017-2018 through 2030-2031, the following sums are appropriated from the state general fund to northern Arizona university for lease-purchase capital financing for research infrastructure projects:  
5. In fiscal year 2021-2022, $5,039,800.  
10. In fiscal year 2026-2027, $4,884,300.  
11. In fiscal year 2027-2028, $4,893,000.  
12. In fiscal year 2028-2029, $4,888,400.  
13. In fiscal year 2029-2030, $4,892,000.  

E. Lease-purchase financing agreements under subsections A, B, AND C of this section:  
1. Must be entered into before July 1, 2006.  
2. Are subject to the requirements of section 15-1682.01.  

E. The appropriations under subsections A, B, AND C of this section constitute continuing year-to-year appropriations but do not constitute an obligation of the legislature or this state to continue the appropriation in any fiscal year. The annual appropriation is a current expense of this state in the fiscal year in which it occurs and is not a general obligation indebtedness of this state or of any university. If the appropriation is discontinued in any fiscal year, this state and the university are relieved of any subsequent obligation pursuant to this section.
G. F. Beginning in fiscal year 2007-2008 2018-2019 and in each
subsequent fiscal year for which an appropriation is made pursuant to
subsections A, B, C and D of this section, FOR EACH INDIVIDUAL
LICENSURE AGREEMENT, ROYALTY AGREEMENT OR AGREEMENT FOR THE SALE OR
TRANSFER OF INTELLECTUAL PROPERTY DEVELOPED BY A UNIVERSITY THAT IS
ENTERED INTO BY THE UNIVERSITY OR A COMPONENT UNIT OF THE UNIVERSITY AND
FOR WHICH THE NET INCOME FOR THE INDIVIDUAL AGREEMENT REACHES $1,000,000
OVER ITS CUMULATIVE LIFETIME, each university shall deposit TRANSFER TO
THE STATE TREASURER not later than October 1 with the state treasurer in
the state general fund FOLLOWING THE CLOSE OF THE FISCAL YEAR an amount
equal to:

1. Twenty percent of the income from licensure and royalty payments
received by the university during the preceding fiscal year:

2. Twenty-five percent of the income received by the university
during the preceding fiscal year from the sale or transfer of intellectual
property developed by the university:

H. Notwithstanding subsection G of this section, for each licensure
agreement, royalty agreement or agreement for the sale or transfer of
intellectual property developed by a university that is entered into by
the university or a component unit of the university from and after April
30, 2017, the university shall deposit not later than October 1 with the
state treasurer in the state general fund:

1. For the first three years of the licensure or royalty agreement,
an amount equal to twenty percent of the net income from licensure and
royalty payments for the agreement received by the university or any
component unit of the university during the preceding fiscal year.

2. For each year after the first three years of the licensure or
royalty agreement, an amount equal to twenty percent of the gross revenues
from licensure and royalty payments for the agreement received by the
university or any component unit of the university during the preceding
fiscal year.

3. An amount equal to twenty-five percent of the gross revenues
received by the university or any component unit of the university during
the preceding fiscal year from the sale or transfer of intellectual
property developed by the university. TWENTY PERCENT OF THE CUMULATIVE NET
INCOME EXCEEDING THE $1,000,000 THRESHOLD MINUS AMOUNTS DEPOSITED IN
PREVIOUS YEARS. THE STATE TREASURER SHALL DEPOSIT THE MONIES RECEIVED
FROM THE UNIVERSITIES PURSUANT TO THIS SUBSECTION IN THE FINANCIAL AID
TRUST FUND ESTABLISHED PURSUANT TO SECTION 15-1642.

I. G. When calculating THE CUMULATIVE NET income pursuant to
subsection G- F of this section and net income and gross revenues pursuant
to subsection H of this section, each university shall calculate amounts
received in the prior fiscal year and may not include cumulative losses
from other fiscal years. When calculating net income and gross revenues
pursuant to subsection H of this section, the university may not reduce
its required deposits from any agreements due to net income OR EXPENSES associated with other projects.

H. The amount transferred TO THE STATE TREASURER in each fiscal year for deposit in the state general fund by each university from sources listed in subsections G and H PURSUANT TO SUBSECTION F of this section shall not exceed the amount appropriated in that fiscal year under subsection A, B, OR C of this section and section 15-1671, subsections B and C, respectively.

I. On or before October 1 of each year, each university shall report to the joint legislative budget committee the total amount of income, net income and gross revenues AND THE TOTAL AMOUNT OF NET INCOME the university received in the preceding fiscal year from each category of income that is subject to deposit pursuant to subsection G or H F of this section.

J. For the purposes of this section:
1. "Component unit of the university":
   (a) Means an entity that is legally separate from, but related to, the university and whose primary purpose is to support the university.
   (b) Includes a university foundation and an entity that contracts with the university to manage technology transfer activities.

2. "NET INCOME" MEANS PAYMENTS RECEIVED FROM INDIVIDUAL LICENSURE AND ROYALTY AGREEMENTS AND THE SALE OR TRANSFER OF INTELLECTUAL PROPERTY DEVELOPED BY THE UNIVERSITY, NET OF EXPENSES RELATED TO INDIVIDUAL AGREEMENTS. FOR THE PURPOSES OF THIS PARAGRAPH, "EXPENSES RELATED TO INDIVIDUAL AGREEMENTS" INCLUDES ANY OF THE FOLLOWING:
   (a) REVENUE SHARES PAID TO INVENTORS AND INVENTORS' LABORATORIES IN SUPPORT OF THEIR RESEARCH ACTIVITIES.
   (b) EXPENSES RELATED TO PURSUING, MAINTAINING OR PROTECTING INTELLECTUAL PROPERTY.
   (c) EXPENSES RELATED TO COMMERCIALIZING, LICENSING OR LITIGATING INTELLECTUAL PROPERTY.
   (d) CONTRACTUALLY REQUIRED DISTRIBUTIONS TO THIRD PARTIES.
   (e) REIMBURSEMENT HOLDS RELATED TO FUTURE CONTRACTUAL REIMBURSEMENTS.
   (f) OPERATIONAL MANAGEMENT FEES.

3. "Research infrastructure" means installations and facilities for continuance and growth of scientific and technological research activities at the university.

Sec. 7. Section 35-146, Arizona Revised Statutes, is amended to read:

Deposit of receipts by budget units
A. All monies received by any officer or employee of any budget unit shall be promptly remitted to the state treasurer, and monies shall NOT be held, used or deposited in any personal or special bank
account temporarily or otherwise by any agent or employee except as expressly provided by this chapter.

B. All monies received by the state treasurer shall be credited to the state general fund, unless otherwise prescribed by law.

C. ALL REVENUES INCLUDED IN THE OPERATING BUDGET ADOPTED BY THE ARIZONA BOARD OF REGENTS FOR EACH UNIVERSITY AS PRESCRIBED IN SECTION 15-1626, SUBSECTION A SHALL BE RETAINED BY EACH UNIVERSITY. TUITION AND FEES SHALL BE DEPOSITED IN SUBACCOUNTS AS PRESCRIBED IN SECTION 15-1626, SUBSECTION A.

Sec. 8. Financial aid trust fund; required state match; reduction

Notwithstanding section 15-1642, subsection C, Arizona Revised Statutes, for fiscal year 2019-2020, each dollar raised pursuant to the surcharge on student registration fees assessed pursuant to section 15-1642, subsection A, Arizona Revised Statutes, may be matched by less than $2 appropriated by the legislature.

Sec. 9. Community college districts; state aid for science, technology, engineering and mathematics and workforce programs

Notwithstanding section 15-1464, Arizona Revised Statutes, state aid for science, technology, engineering and mathematics and workforce programs for community college districts for fiscal year 2019-2020 is as specified in the general appropriations act.

Sec. 10. Community college districts; operating state aid; eligibility; limits

Notwithstanding section 15-1466, Arizona Revised Statutes, operating state aid for community college districts for fiscal year 2019-2020 is as specified in the general appropriations act.

APPROVED BY THE GOVERNOR MAY 31, 2019.