

REFERENCE TITLE: budget procedures; budget reconciliation; 2021-2022.

State of Arizona  
House of Representatives  
Fifty-fifth Legislature  
First Regular Session  
2021

# HB 2891

Introduced by  
Representative Cobb (with permission of Committee on Rules)

## AN ACT

AMENDING SECTIONS 5-110, 5-1318, 35-192, 38-803, 38-832, 38-840.01, 38-848, 38-848.02 AND 38-848.03, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-848.05; AMENDING SECTIONS 38-866, 38-883, 41-121.02 AND 41-714, ARIZONA REVISED STATUTES; AMENDING SECTION 41-1033, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 340, SECTION 1; AMENDING SECTION 41-1277, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 8, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1306; PROVIDING FOR TRANSFERRING AND RENUMBERING; AMENDING SECTION 41-1307, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING SECTION 41-1365, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 10, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1506.02; AMENDING TITLE 41, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 16; REPEALING TITLE 41, CHAPTER 16, ARIZONA REVISED STATUTES; AMENDING SECTION 41-2501, 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 5-110, Arizona Revised Statutes, is amended to  
3 read:

4 5-110. Racing days, times and allocations; emergency  
5 transfer; county fairs; charity days

6 A. Permits for horse or harness racing meetings shall be approved  
7 and issued for substantially the same dates allotted to permittees for the  
8 same type of racing during the preceding year or for other dates that  
9 permittees request, provided that, in the event there is a conflict in  
10 dates requested between two or more permittees in the same county for the  
11 same kind of racing, the permittee whose application is for substantially  
12 the same dates as were allotted to the permittee in the preceding year  
13 shall be entitled to have preference over other permittees. In the event  
14 two or more permittees have agreed that the dates to be allotted to each  
15 of them each year shall be alternated from one year to the next, the  
16 commission shall recognize their agreement and those permittees may be  
17 accorded preference over any other permittee as to those dates to be  
18 allotted to those permittees on an alternating basis. Except as otherwise  
19 provided, the commission shall allot dates to the respective permittees  
20 after giving due consideration to all of the factors involved and the  
21 interests of permittees, the public and this state.

22 B. The commission may require by the terms of any permit that the  
23 permittee offer such number of races during any racing meeting as the  
24 commission shall determine, provided that the permittee shall be permitted  
25 to offer at least the same number of races each day as offered in the  
26 prior year. The commission shall require each horse racing permittee to  
27 conduct for a period of thirty days a number of races equal to an average  
28 of at least two races for each day of racing exclusively for quarter  
29 horses. If, in the opinion of the commission, the permittee is offering  
30 acceptable quarter horse races but an honest effort is not being put forth  
31 to fill these races by the horsemen, the commission may rescind the two  
32 race per day quarter horse requirement.

33 C. Live racing and wagering on simulcast races shall be permissible  
34 in either daytime or nighttime. Unless otherwise agreed by written  
35 contract that is submitted to the department between all the permittees in  
36 the same county, there shall be no wagering on simulcast dog races before  
37 4:15 p.m., mountain standard time, on the same day that there is live  
38 daytime horse or harness racing in any county in which commercial horse or  
39 harness racing has been conducted before February 1, 1971. The hours  
40 during which any other harness or horse racing is to be conducted shall be  
41 determined by the commission. The application for a permit shall state  
42 the exact days on which racing will be held and the time of day during  
43 which racing will be conducted.

1 D. If the commission determines that an emergency has obligated or  
2 may obligate a permittee to discontinue racing at a location, the  
3 commission may authorize the permittee to transfer racing for the number  
4 of days lost to any other location.

5 E. A racing meeting, when operated by a county fair racing  
6 association or under lease during the county fair to any individual,  
7 corporation or association, shall not come under the limitation placed on  
8 days of racing in this section.

9 F. The department shall be the judge of whether a county fair  
10 racing meeting is being operated pursuant to this section. A county fair  
11 racing meeting conducted by an individual, corporation or association,  
12 other than the properly authorized county fair racing association, shall  
13 come under the general provisions of this article the same as a commercial  
14 meeting. Notwithstanding this subsection, a county fair racing meeting,  
15 whether conducted by a county fair racing association or by an individual,  
16 corporation or association other than a county fair racing association, is  
17 exempt from the requirement prescribed in section 5-111 to pay to the  
18 state a percentage of the pari-mutuel pool collected at the meeting.

19 G. The commission may allow a permittee, in addition to the days  
20 specified in this permit, to operate up to three racing days during any  
21 one meeting as charity days. From the amount deducted from the total  
22 handled in the pari-mutuel pool on charity days, the permittee shall  
23 deduct an amount equal to the purses and the cost of conducting racing on  
24 these days, and shall donate the balance to nonprofit organizations and  
25 corporations that benefit the general public, that are engaged in  
26 charitable, benevolent and other like work and that are selected by the  
27 permittee and approved by the department. In no event shall the amount  
28 given to charity from charity racing days be less than the amount that  
29 otherwise would have gone to this state as the state's share on a  
30 noncharity racing day.

31 H. Notwithstanding any other law, live dog racing shall not be  
32 conducted in this state after December 31, 2016. This subsection does not  
33 apply to nonprofit organizations that host lure coursing or similar events  
34 that test a dog's ability, stamina and breeding or training for such  
35 events. Notwithstanding any other provision of this article, any dog  
36 racing permittee that offered live dog racing in 2016 or that has offered  
37 live dog racing in eight out of ten calendar years from 1980 to 1990 in  
38 counties that have a population of less than five hundred thousand persons  
39 shall be considered as operating a racetrack enclosure for all purposes  
40 under this article and shall not be authorized or required to conduct live  
41 racing as a condition of that permittee's racing permit. Any permittee  
42 qualified under this subsection may conduct advance deposit wagering,  
43 wagering at additional wagering facilities that are owned or leased by  
44 that permittee and wagering on telecasts of races conducted at racetrack  
45 enclosures within this state or at racetrack enclosures outside this state

1 without offering live racing at that permittee's racetrack enclosure. ON  
2 OR BEFORE JANUARY 1, 2023, THE DEPARTMENT SHALL CONVERT THE PERMIT OF A  
3 DOG RACING PERMITTEE UNDER THIS SUBSECTION TO A PERMIT FOR HARNESS RACING  
4 IF THE DOG RACING PERMITTEE MEETS THE QUALIFICATIONS FOR A PERMIT FOR  
5 HARNESS RACING.

6 Sec. 2. Section 5-1318, Arizona Revised Statutes, is amended to  
7 read:

8 5-1318. Fees; event wagering fund

9 A. The department shall establish a fee for the privilege of  
10 operating event wagering. In determining the fee, the department shall  
11 consider the highest percentage of revenue share that an Indian tribe pays  
12 to this state pursuant to the tribal-state gaming compact. The event  
13 wagering operator or designee has the option to choose either the cash  
14 accrual or modified accrual basis method of accounting for purposes of  
15 calculating the amount of the fee owed by the event wagering operator or  
16 designee. The fees required pursuant to this section are due and payable  
17 to the department not later than the twenty-fifth day of the month  
18 following the calendar month in which the adjusted gross event wagering  
19 receipts were received and the obligation was accrued.

20 B. The event wagering fund is established consisting of monies  
21 deposited pursuant to this chapter or from any other source. The  
22 department shall administer the fund. Except as otherwise provided in  
23 this chapter, the department shall deposit, pursuant to sections 35-146  
24 and 35-147, all monies collected under this chapter in the event wagering  
25 fund. On the twenty-fifth of each month, ~~any~~ NINETY PERCENT OF THE monies  
26 remaining DEPOSITED in the event wagering fund shall be transferred to the  
27 state general fund. On notice from the department, the state treasurer  
28 shall invest and divest monies in the fund as provided by section 35-313,  
29 and monies earned from investment shall be credited to the fund.

30 C. Unless otherwise determined by the legislature, the department  
31 may spend not more than ten percent of monies on the department's annual  
32 costs of regulating and enforcing this chapter, and any remaining monies  
33 in the fund revert to the state general fund.

34 Sec. 3. Section 35-192, Arizona Revised Statutes, is amended to  
35 read:

36 35-192. Authorization for declaration of disaster;  
37 authorization for liabilities and expenses;  
38 priorities and limitations; review and report of  
39 expenditures

40 A. The governor may declare an emergency arising from major  
41 disasters as provided in this section and incur liabilities therefor,  
42 regardless of whether or not the legislature is in session.

1           B. When the governor, or the director of the division of emergency  
2 management in the department of emergency and military affairs pursuant to  
3 section 26-303, subsection H, determines that a contingency or disaster so  
4 justifies, and declares an emergency, specific liabilities and expenses  
5 provided for in this section are authorized to be incurred against and to  
6 be paid as claims against the state from unrestricted monies from the  
7 general fund to mitigate and meet contingencies and emergencies arising  
8 from:

- 9           1. Invasions, hostile attacks, riots or insurrections.
- 10          2. Epidemics of disease or plagues of insects.
- 11          3. Floods or floodwaters.
- 12          4. Acts of God or any major disaster.
- 13          5. Wildland fires, but only after all necessary authorizations  
14 under section 37-1305 are exhausted.

15           C. When authorized by the governor, specific liabilities and  
16 expenses provided for in this section may be incurred against and may be  
17 paid as claims against the state from unrestricted monies from the general  
18 fund to meet contingencies and emergencies arising from incidents relating  
19 to hazardous materials as defined in section 26-301 and search or rescue  
20 operations conducted pursuant to section 11-251.02, section 11-441,  
21 subsection C or section 26-306 subject to the limitations provided in  
22 section 35-192.01. Within ninety days after monies are awarded under this  
23 section, the department of emergency and military affairs shall post in a  
24 prominent location on the department's official website the amount of  
25 monies awarded under this section, who received the monies and how the  
26 monies were spent.

27           D. Liabilities and expenses authorized under subsection B of this  
28 section may be incurred for any of the emergencies or contingencies  
29 prescribed in subsection B of this section in the following order of  
30 priority:

- 31          1. Reimbursement for expenses incurred to combat a menace to the  
32 health, lives or property of any considerable number of persons of the  
33 state, or to property of the state or its political subdivisions.
- 34          2. Reimbursement for expenses incurred to repair damage to any  
35 property of the state.
- 36          3. Reimbursement for expenses incurred to repair damage to any  
37 property of the political subdivisions of the state.
- 38          4. Reimbursement for expenses incurred in search or rescue  
39 operations.
- 40          5. Reimbursement for expenses incurred in emergency or disaster  
41 recovery activities or in matching federal disaster recovery programs.
- 42          6. Reimbursement for expenses for property loss mitigation measures  
43 or to match federal property loss mitigation programs.

1 E. The auditor of the department of emergency and military affairs  
2 shall review liabilities incurred and expenditures made under this section  
3 and report to the state emergency council at ninety-day intervals during  
4 the emergency and conduct a final review of each emergency within ninety  
5 days after the termination of the emergency. The state emergency council  
6 shall make a written report not later than September 1 of each year to the  
7 legislature of the actions of the state emergency council during the  
8 preceding fiscal year, including an itemized statement of expenditures for  
9 each emergency during the year. The department of emergency and military  
10 affairs shall post the report in a prominent location on the department's  
11 official website.

12 F. All liabilities incurred under this section shall be subject to  
13 the following limitations:

14 1. No liability shall be incurred against the monies authorized  
15 without the approval of the governor, or the adjutant general pursuant to  
16 section 26-303, subsection H, for each contingency or emergency.

17 2. EXCEPT AS PROVIDED IN PARAGRAPH 5 OF THIS SUBSECTION, incurring  
18 of liabilities in excess of ~~two hundred thousand dollars~~ \$200,000 in any  
19 single disaster or emergency shall not be made without consent of a  
20 majority of the members of the state emergency council.

21 3. The aggregate amount of all liabilities incurred under this  
22 section shall not exceed ~~four million dollars~~ \$4,000,000 for any fiscal  
23 year beginning July 1 through June 30. Monies authorized for disasters  
24 and emergencies in prior fiscal years may be used in subsequent fiscal  
25 years only for the disaster or emergency for which they were  
26 authorized. Monies authorized for disasters and emergencies in prior  
27 fiscal years, and expended in subsequent fiscal years for the disaster or  
28 emergency for which they were authorized, apply toward the ~~four million~~  
29 ~~dollar~~ \$4,000,000 liability limit for the fiscal year in which they were  
30 authorized.

31 4. Notwithstanding the limitations in paragraph 3 of this  
32 subsection, monies that were previously obligated but not used for a  
33 declared emergency or disaster may be reallocated to an outstanding  
34 obligation for another declared emergency or disaster and shall remain  
35 available for expenditure for the outstanding obligation. The  
36 reallocation of monies pursuant to this paragraph does not apply toward  
37 the ~~four million dollar~~ \$4,000,000 liability limit of the fiscal year to  
38 which the monies were reallocated or in which the monies are spent.

39 5. LIABILITIES IN EXCESS OF \$200,000 INCURRED BY THE ARIZONA  
40 DEPARTMENT OF FORESTRY AND FIRE MANAGEMENT MAY BE REIMBURSED WITH THE  
41 APPROVAL OF THE GOVERNOR OR STATE EMERGENCY COUNCIL. THE REIMBURSEMENT  
42 SHALL BE MADE PURSUANT TO RULES ADOPTED PURSUANT TO SECTION 37-1305,  
43 SUBSECTION G OR, IF RULES ARE NOT ADOPTED PURSUANT TO SECTION 37-1305,  
44 SUBSECTION G, PURSUANT TO RULES ADOPTED PURSUANT TO SUBSECTION G OF THIS  
45 SECTION.

1           ~~5.~~ 6. An obligation of monies under this section may be made only  
2 when one or more of the following conditions exist:

3           (a) No appropriation or other authorization is available to meet  
4 the contingency or emergency.

5           (b) An appropriation is insufficient to meet the contingency or  
6 emergency.

7           (c) Federal monies available for such contingency or emergency  
8 require the use of state or other public monies.

9           G. The director of the division of emergency management in the  
10 department of emergency and military affairs shall develop rules for  
11 administering the monies authorized for liabilities under this section,  
12 subject to approval by the governor.

13           Sec. 4. Section 38-803, Arizona Revised Statutes, is amended to  
14 read:

15           38-803. Powers and duties of the board; reporting  
16 requirements

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

19           1. Account for the operation, administration and investment  
20 expenses and allocate them against investment income.

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

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

28           4. Invest the monies in the fund as provided in article 4 of this  
29 chapter.

30           5. Within a period of six months after the close of each fiscal  
31 year, submit a detailed report of the operation and the investment  
32 performance of the plan to the governor, the legislature and the members  
33 of the plan.

34           6. By November 1 of each year provide a preliminary report and by  
35 December ~~31~~ 1 of each year provide a final report to the governor, the  
36 speaker of the house of representatives and the president of the senate on  
37 the contribution rate for the ensuing fiscal year.

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

40           1. Employ services as it deems necessary.

41           2. Either keep invested monies separate or commingle invested  
42 monies as it deems appropriate.

43           3. Delegate authority as it deems necessary and prudent to the  
44 administrator employed pursuant to section 38-848, subsection M,  
45 paragraph 6.

1 4. Do all acts, whether expressly authorized, that are deemed  
2 necessary or proper for the protection of the fund.

3 Sec. 5. Section 38-832, Arizona Revised Statutes, is amended to  
4 read:

5 38-832. Defined contribution system; annual report; quarterly  
6 statements

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

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

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

25 D. The board may:

26 1. Employ the services of the third-party administrator that is  
27 contracted on September 13, 2013 to administer the supplemental defined  
28 contribution plan pursuant to article 8 of this chapter to also administer  
29 the defined contribution system.

30 2. Employ other services it deems necessary, including legal  
31 services, for the operation and administration of the defined contribution  
32 system.

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

35 E. The board shall adopt policies regarding the defined  
36 contribution system, including the administration of the member and  
37 employer contributions, investment options, termination in the defined  
38 contribution system, the administration of the payout options under the  
39 defined contribution system and the administration of the member  
40 distributions.

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



1 G. Any contract for a third-party administrator of the defined  
2 contribution system shall include competitive fees, quarterly meetings  
3 with the public safety personnel retirement system, annual updates to the  
4 board on the status of the defined contribution system and quarterly  
5 statements to each member. On or before December ~~31~~ 1 of each year, the  
6 board shall report the status of the defined contribution system to the  
7 governor, the president of the senate, the speaker of the house of  
8 representatives and the joint legislative budget committee.

9 Sec. 6. Section 38-840.01, Arizona Revised Statutes, is amended to  
10 read:

11 38-840.01. EODC disability program; administration; power and  
12 duties of the board; hearing; annual report

13 A. The elected officials' defined contribution retirement system  
14 disability program is established for members of the elected officials'  
15 defined contribution retirement system. The board shall administer the  
16 EODC disability program.

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

20 C. The board, in the administration, management and operation of  
21 the program, shall:

22 1. Account for the operation, administration and investment  
23 expenses and allocate them against investment income.

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

28 3. Contract on a fee basis with an independent auditing firm to  
29 make an annual audit of the accounting records of the EODC disability  
30 program trust fund and file a copy of the audit with the auditor general.

31 4. Invest the monies in the EODC disability program trust fund as  
32 provided in article 4 of this chapter.

33 5. On or before December ~~31~~ 1 of each year, submit to the governor,  
34 the speaker of the house of representatives and the president of the  
35 senate a detailed report of the operation and the investment performance  
36 of the program that includes the contribution rate for the ensuing fiscal  
37 year.

38 D. The board, in the administration, management and operation of  
39 the program, may:

40 1. Employ services as it deems necessary.

41 2. Either keep invested monies separate or commingle invested  
42 monies as it deems appropriate.

43 3. Do all acts, whether expressly authorized, that may be deemed  
44 necessary or proper for the protection of the EODC disability program  
45 trust fund.

1           4. Determine the rights, benefits or obligations of any person  
2 under this article and afford any person dissatisfied with a determination  
3 of the person's rights, benefits or obligations under this article with a  
4 hearing on the determination.

5           Sec. 7. Section 38-848, Arizona Revised Statutes, is amended to  
6 read:

7           38-848. Board of trustees; powers and duties; reporting  
8           requirements; independent trust fund;  
9           administrator; agents and employees; advisory  
10           committee

11           A. ~~Beginning January 1, 2017,~~ The board of trustees shall consist  
12 of nine members and shall have the rights, powers and duties that are set  
13 forth in this section. The term of office of members shall be five years  
14 to expire on the third Monday in January of the appropriate year. The  
15 board shall select a chairperson from among its members each calendar  
16 year. Members are eligible to receive compensation in an amount of \$50 a  
17 day, but not to exceed \$1,000 in any one fiscal year, and are eligible for  
18 reimbursement of expenses pursuant to chapter 4, article 2 of this  
19 title. ~~Beginning January 1, 2017,~~ The board consists of the following  
20 members appointed as follows:

21           1. Two members representing law enforcement, one of whom is  
22 appointed by the president of the senate and one of whom is appointed by  
23 the governor. A statewide association representing law enforcement in  
24 this state shall forward nominations to the appointing elected officials,  
25 providing at least three nominees for each position. At least one of the  
26 members appointed under this paragraph shall be an elected local board  
27 member.

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

35           3. Three members representing cities and towns in this state, one  
36 of whom is appointed by the president of the senate, one of whom is  
37 appointed by the speaker of the house of representatives and one of whom  
38 is appointed by the governor. An association representing cities and  
39 towns in this state shall forward nominations to the appointing elected  
40 officials, providing at least three nominees for each position. These  
41 nominees shall represent taxpayers or employers and may not be members of  
42 the system.

43           4. One member who represents counties in this state and who is  
44 appointed by the governor. An association representing county supervisors  
45 in this state shall forward nominations to the governor, providing at

1 least three nominees for the position. These nominees shall represent  
2 taxpayers or employers and may not be members of the system.

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

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

25 1. Is absent without excuse from three consecutive regular meetings  
26 of the board.

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

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

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

35 2. A securities analyst.

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

39 4. A chartered financial analyst in good standing as determined by  
40 the chartered financial analyst institute.

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

1           6. An economist.

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

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

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

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

40           F. The board shall have the full power in its sole discretion to  
41 invest and reinvest, alter and change the monies accumulated under the  
42 system and other retirement plans and trusts that the board administers as  
43 provided in this article. In addition to its power to make investments  
44 managed by others, the board may delegate the authority the board deems  
45 necessary and prudent to investment management pursuant to section

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

18 1. Not more than eighty percent of the combined assets of the  
 19 system or other plans that the board manages is invested at any given time  
 20 in corporate stocks, based on the cost value of the stocks irrespective of  
 21 capital appreciation.

22 2. Not more than five percent of the combined assets of the system  
 23 or other plans that the board manages is invested in corporate stock  
 24 issued by any one corporation, other than corporate stock issued by  
 25 corporations chartered by the United States government or corporate stock  
 26 issued by a bank or insurance company.

27 3. Not more than five percent of the voting stock of any one  
 28 corporation is owned by the system and other plans that the board  
 29 administers, except that this limitation does not apply to membership  
 30 interests in limited liability companies.

31 4. Corporate stocks and exchange traded funds eligible for direct  
 32 purchase are restricted to stocks and exchange traded funds that, except  
 33 for bank stocks, insurance stocks, stocks acquired for coinvestment in  
 34 connection with the system's or the plans' or trusts' commingled  
 35 investments and interests in limited liability companies and mutual funds,  
 36 are any of the following:

37 (a) Listed or approved on issuance for listing on an exchange  
 38 registered under the securities exchange act of 1934, as amended  
 39 (15 United States Code sections 78a through 78pp).

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

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

1 (d) Listed or approved on issuance for listing on an exchange of a  
2 foreign country with which the United States is maintaining diplomatic  
3 relations at the time of purchase, except that not more than twenty  
4 percent of the combined assets of the system and other plans that the  
5 board manages is invested in foreign securities, based on the cost value  
6 of the stocks irrespective of capital appreciation.

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

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

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

35 I. The board is not liable for the exercise of more than ordinary  
36 care and prudence in the selection of investments and performance of its  
37 duties under the system and is not limited to so-called "legal investments  
38 for trustees", but all monies of the system and other plans that the board  
39 administers shall be invested subject to all of the conditions,  
40 limitations and restrictions imposed by law.

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

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

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

5           3. Also:

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

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

9           (c) Exercise any conversion privileges, subscription rights or  
10 other options and make any payments incidental to the exercise of the  
11 conversion privileges, subscription rights or other options.

12           (d) Consent to or otherwise participate in corporate  
13 reorganizations or other changes affecting corporate securities, delegate  
14 discretionary powers and pay any assessments or charges in connection  
15 therewith.

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

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

22           5. Register any investment held by the system or other plans whose  
23 assets the board administers in the name of the system or plan or in the  
24 name of a nominee or trust.

25           6. At the expense of the system or other plans that the board  
26 administers, enter into an agreement with any bank or banks for the  
27 safekeeping and handling of securities and other investments coming into  
28 the possession of the board. The agreement shall be entered into under  
29 terms and conditions that secure the proper safeguarding, inventory,  
30 withdrawal and handling of the securities and other investments. Access  
31 to and deposit or withdrawal of the securities from any place of deposit  
32 selected by the board is not allowed and may not be made except as the  
33 terms of the agreement provide.

34           7. Appear before local boards and the courts of this state and  
35 political subdivisions of this state through counsel or an appointed  
36 representative to protect the fund or the assets of other plans that the  
37 board administers. The board is not responsible for the actions or  
38 omissions of the local boards under this system but may seek a review or  
39 rehearing of actions or omissions of local boards. The board does not  
40 have a duty to review actions of the local boards but may do so in its  
41 discretion in order to protect the fund. A limitation period does not  
42 prohibit the board or administrator from contesting or require the board  
43 or administrator to implement or comply with a local board decision that  
44 violates the internal revenue code or that threatens to impair the

1 tax-qualified status of the system or any plan administered by the board  
2 or administrator.

3 8. Empower the fund administrator to take actions on behalf of the  
4 board that are necessary for the protection and administration of the fund  
5 or the assets of other plans that the board administers pursuant to the  
6 guidelines of the board.

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

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

12 K. Investment expenses and operation and administrative expenses of  
13 the board shall be accounted for separately and allocated against  
14 investment income.

15 L. The board, as soon as possible within a period of six months  
16 following the close of any fiscal year, shall transmit to the governor and  
17 the legislature a comprehensive annual financial report on the operation  
18 of the system and other plans that the board administers that contains,  
19 among other things:

20 1. A balance sheet.

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

22 3. A report on an actuarial valuation of its assets and  
23 liabilities.

24 4. A list of investments owned.

25 5. The total rate of return, yield on cost, and ~~percent~~ PERCENTAGE  
26 of cost to market value of the fund and the assets of other plans that the  
27 board administers.

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

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

38 8. An estimate of the aggregate employer contribution rate for the  
39 public safety personnel retirement system for the next ten fiscal years  
40 and an estimate of the aggregate employer contribution rate for the  
41 corrections officer retirement plan for the next ten fiscal years.

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

45 (a) Department of liquor licenses and control.



- 1 (b) Department of public safety.
- 2 (c) Northern Arizona university.
- 3 (d) University of Arizona.
- 4 (e) Arizona state university.
- 5 (f) Arizona game and fish department.
- 6 (g) Department of law.
- 7 (h) Department of emergency and military affairs.
- 8 (i) Arizona state parks board.
- 9 10. An estimate of the employer contribution rates for the next ten
- 10 fiscal years for each of the following employers within the corrections
- 11 officer retirement plan:
  - 12 (a) State department of corrections.
  - 13 (b) Department of public safety.
  - 14 (c) The judiciary.
  - 15 (d) Department of juvenile corrections.
- 16 11. An estimate of the aggregate fees paid for private equity
- 17 investments, including management fees and performance fees.
- 18 M. The board shall:
  - 19 1. Maintain the accounts of the system and other plans that the
  - 20 board administers and issue statements to each employer annually and to
  - 21 each member who requests a statement.
  - 22 2. Report the results of the actuarial valuations to the local
  - 23 boards and employers.
  - 24 3. Contract on a fee basis with an independent investment counsel
  - 25 to advise the board in the investment management of the fund and assets of
  - 26 other plans that the board administers and with an independent auditing
  - 27 firm to audit the board's accounting.
  - 28 4. ~~Permit~~ ALLOW the auditor general to make an annual audit and
  - 29 transmit the results to the governor and the legislature.
  - 30 5. Contract on a fee basis with an actuary who shall make actuarial
  - 31 valuations of the system and other plans that the board administers, be
  - 32 the technical adviser of the board on matters regarding the operation of
  - 33 the funds created by the provisions of the system, the elected officials'
  - 34 retirement plan, the corrections officer retirement plan and the public
  - 35 safety cancer insurance policy program and perform other duties required
  - 36 in connection therewith. The actuary must be a member of a nationally
  - 37 recognized association or society of actuaries.
  - 38 6. Employ, as administrator, a person, state department or other
  - 39 body to serve at the pleasure of the board.
  - 40 7. Establish procedures and guidelines for contracts with
  - 41 actuaries, auditors, investment counsel and legal counsel and for
  - 42 safeguarding of securities.
- 43 N. The administrator, under the direction of the board, shall:
  - 44 1. Administer this article.

- 1           2. Be responsible for the recruitment, hiring and day-to-day  
2 management of employees.
- 3           3. Invest the monies of the system and other plans that the board  
4 administers as the board deems necessary and prudent as provided in  
5 subsections F and J of this section and subject to the investment policies  
6 and fund objectives adopted by the board.
- 7           4. Establish and maintain an adequate system of accounts and  
8 records for the system and other plans that the board administers, which  
9 shall be integrated with the accounts, records and procedures of the  
10 employers so that the system and other plans that the board administers  
11 operate most effectively and at minimum expense and that duplication of  
12 records and accounts is avoided.
- 13           5. In accordance with the board's governance policy and procedures  
14 and the budget adopted by the board, hire employees and services the  
15 administrator deems necessary and prescribe their duties, including the  
16 hiring of one or more deputy or assistant administrators to manage the  
17 system's operations, investments and legal affairs.
- 18           6. Be responsible for income, the collection of the income and the  
19 accuracy of all expenditures.
- 20           7. Recommend to the board annual contracts for the system's  
21 actuary, auditor, investment counsel, legal counsel and safeguarding of  
22 securities.
- 23           8. Perform additional duties and powers prescribed by the board and  
24 delegated to the administrator.
- 25           9. The system is an independent trust fund and the board is not  
26 subject to title 41, chapter 6. ~~Contracts for goods and services approved~~  
27 ~~by the board are not subject to title 41, chapter 23.~~ As an independent  
28 trust fund whose assets are separate and apart from all other funds of  
29 this state, the system and the board are not subject to the restrictions  
30 prescribed in section 35-154 or article IX, sections 5 and 8, Constitution  
31 of Arizona. Loans, guarantees, investment management agreements and  
32 investment contracts that are entered into by the board are contracts  
33 memorializing obligations or interests in securities that the board has  
34 concluded, after thorough due diligence, do not involve investments in  
35 Sudan or Iran or otherwise provide support to terrorists or in any way  
36 facilitate illegal immigration into the United States. These contracts do  
37 not involve the procurement, supply or provision of goods, equipment,  
38 labor, materials or services that would require the warranties required by  
39 section 41-4401.
- 40           P. The board, the administrator, the deputy or assistant  
41 administrators and all persons employed by them are subject to title 41,  
42 chapter 4, article 4. The administrator, deputy or assistant  
43 administrators and other employees of the board are entitled to receive  
44 compensation pursuant to section 38-611.

1 Q. In consultation with the director of the department of  
2 administration, the board may enter into employment agreements and  
3 establish the terms of those agreements with persons holding any of the  
4 following system positions:

- 5 1. Administrator.
- 6 2. Deputy or assistant administrator.
- 7 3. Chief investment officer.
- 8 4. Deputy chief investment officer.
- 9 5. Fiduciary or investment counsel.

10 R. The attorney general or an attorney approved by the attorney  
11 general and paid by the fund is the attorney for the board and shall  
12 represent the board in any legal proceeding or forum that the board deems  
13 appropriate. The board, administrator, deputy or assistant administrators  
14 and employees of the board are not personally liable for any acts done in  
15 their official capacity in good faith reliance on the written opinions of  
16 the board's attorney.

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

26 T. On the basis of the tables the board adopts, the actuary shall  
27 make a valuation of the assets and liabilities of the funds of the system  
28 and other plans that the board administers at least every year. By  
29 November 1 of each year the board shall provide a preliminary report and  
30 by December ~~31~~ 1 of each year provide a final report to the governor, the  
31 speaker of the house of representatives and the president of the senate on  
32 the contribution rate for the ensuing fiscal year.

33 U. Neither the board nor any member or employee of the board shall  
34 directly or indirectly, for ~~himself~~ THE BOARD, THE MEMBER OR THE EMPLOYEE  
35 or as an agent, in any manner use the monies or deposits of the fund  
36 except to make current and necessary payments, nor shall the board or any  
37 member or employee become an endorser or surety or in any manner an  
38 obligor for monies loaned by or borrowed from the fund or the assets of  
39 any other plans that the board administers.

40 V. Financial or commercial information that is provided to the  
41 board, employees of the board and attorneys of the board in connection  
42 with investments in which the board has invested or investments the board  
43 has considered for investment is confidential, proprietary and not a  
44 public record if the information is information that would customarily not

1 be released to the public by the person or entity from whom the  
2 information was obtained.

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

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

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

25 Sec. 8. Section 38-848.02, Arizona Revised Statutes, is amended to  
26 read:

27 38-848.02. Board of trustees: report on employer and employee  
28 costs; posting funding ratio

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

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

37 Sec. 9. Section 38-848.03, Arizona Revised Statutes, is amended to  
38 read:

39 38-848.03. Appointed investment management

40 A. The board may appoint investment management. Investment  
41 management shall have:

- 42 1. The highest professional and fiduciary recommendations.
- 43 2. Not less than three years' experience at handling institutional  
44 investments of at least ~~two hundred fifty million dollars~~ \$250,000,000.  
45 This paragraph is satisfied if investment management, the individual

1 retained by investment management or individual employees in a firm of  
2 investment managers meet this requirement.

3 3. Had responsibility for investment decision making as an  
4 insurance company investment fund, an investment division of a bank, a  
5 mutual fund, an investment organization or institution, a pension fund or  
6 an investment adviser who is designated as a chartered financial analyst  
7 by the chartered financial analyst institute.

8 B. A bank serving as investment management does not have a conflict  
9 of interest because it is also a depository in which any monies  
10 administered by the board are deposited.

11 C. The board shall appoint investment management for a term of one  
12 year and may appoint the investment management to succeeding terms. The  
13 board may remove investment management for not complying with this article  
14 or for failure to comply with or adhere to the board's investment goals,  
15 objectives or policies.

16 D. Investment management appointed by the board:

17 1. May purchase and sell in the name of the system and other plans  
18 that the board administers any of the securities and investments held by  
19 the system or plans.

20 2. Subject to any restrictions imposed by the board, is responsible  
21 for making all investment decisions relating to the investments the board  
22 has assigned investment management to manage.

23 E. Investment management shall not directly or indirectly:

24 1. Except for the fees agreed to be paid by the board to investment  
25 management or as otherwise agreed by the board, have any interest in the  
26 investments being managed by investment management for the board.

27 2. Borrow monies, funds or deposits of the system or other plans  
28 that the board administers or use these monies in any manner except as  
29 directed under this article.

30 3. Be an endorser, surety or obligor on investments made under this  
31 article.

32 F. Subject to the limitations in this article, the board may  
33 authorize the administrator, chief investment officer and other in-house  
34 investment professionals employed by the board to make discretionary  
35 investments for the system and other plans or trusts that the board  
36 administers that do not exceed fifty ~~per cent~~ PERCENT of the assets of the  
37 system and other plans or trusts measured at cost.

38 G. To exercise the INVESTMENT responsibilities prescribed in this  
39 article, the board may enter into CONTRACTS TO RECEIVE MARKET DATA AND  
40 OTHER MARKET INFORMATION FROM SECURITIES, COMMODITIES, OPTIONS AND  
41 MONETARY EXCHANGES. THESE contracts ~~that~~ may be interpreted and enforced  
42 under the laws of a jurisdiction other than this state and ~~that~~ are not  
43 subject to section 35-214 or 38-511 or title 41, chapter 23.

1           Sec. 10. Title 38, chapter 5, article 4, Arizona Revised Statutes,  
2 is amended by adding section 38-848.05, to read:

3           38-848.05. Administration account; board-administered  
4           retirement plans and systems

5           A. THE BOARD SHALL ESTABLISH AND ADMINISTER AN ADMINISTRATION  
6 ACCOUNT CONSISTING OF ALL MONIES FOR ADMINISTRATIVE PURPOSES FOR ALL  
7 RETIREMENT PLANS AND SYSTEMS ADMINISTERED BY THE BOARD. THE FOLLOWING  
8 MONIES SHALL BE DEPOSITED IN THE ADMINISTRATION ACCOUNT:

9           1. ALL MONIES APPROPRIATED BY THE LEGISLATURE TO PAY ADMINISTRATIVE  
10 EXPENSES OF ALL RETIREMENT PLANS AND SYSTEMS ADMINISTERED BY THE BOARD.

11           2. ALL MONIES RECEIVED FOR PROPORTIONATE SHARES OF ADMINISTRATIVE  
12 EXPENSES FROM DEPARTMENTS THAT PAY THE SALARIES OF THEIR OFFICERS AND  
13 EMPLOYEES WHOLLY OR IN PART FROM MONIES RECEIVED FROM SOURCES OTHER THAN  
14 APPROPRIATIONS FROM THE STATE GENERAL FUND.

15           3. ALL MONIES RECEIVED FOR PROPORTIONATE SHARES OF ADMINISTRATIVE  
16 EXPENSES FROM PARTICIPATING EMPLOYERS PAYING EMPLOYER CONTRIBUTIONS.

17           4. MONIES THAT THE ADMINISTRATOR TRANSFERS FROM THE INVESTMENT  
18 ACCOUNT AND THAT ARE NECESSARY TO PAY EXPENDITURES MADE PURSUANT TO  
19 SUBSECTIONS C AND D OF THIS SECTION.

20           B. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, EXPENDITURES  
21 FROM THE ADMINISTRATION ACCOUNT SHALL BE MADE IN ACCORDANCE WITH BOARD  
22 DIRECTIVES, SUBJECT TO LEGISLATIVE APPROPRIATION.

23           C. EXPENDITURES FOR THE FOLLOWING ARE CONTINUOUSLY APPROPRIATED AND  
24 SHALL BE PAID FROM THE ADMINISTRATION ACCOUNT IN THE AMOUNT DEEMED  
25 NECESSARY BY THE BOARD:

26           1. INVESTMENT MANAGEMENT FEES AND RELATED CONSULTING FEES NECESSARY  
27 TO MEET THE BOARD'S INVESTMENT OBJECTIVES.

28           2. RENT.

29           3. ACTUARIAL CONSULTING FEES.

30           D. WITH THE APPROVAL OF THE BOARD, THE ADMINISTRATOR:

31           1. MAY SPEND MONIES FROM THE ADMINISTRATION ACCOUNT FOR STAFF,  
32 EXPENSES AND RELATED CONSULTING FEES NECESSARY TO IMPLEMENT THIS ARTICLE.

33           2. SHALL PAY FROM THE ADMINISTRATION ACCOUNT THE COST OF CONTINUING  
34 EDUCATION PROGRAMS FOR THE BOARD AND THE COST OF LEGAL COUNSEL.

35           Sec. 11. Section 38-866, Arizona Revised Statutes, is amended to  
36 read:

37           38-866. Defined contribution plan design; purpose; powers and  
38           duties of the board; administration; annual report

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

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

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

14 D. The board shall:

15 1. Enter into a contract with a provider or providers to provide  
16 retirement plan investments, plan administration and services to  
17 participants in the defined contribution plan. The plan shall provide for  
18 appropriate long-term retirement-oriented investments and shall include  
19 both fixed and variable deferred annuity options. The board shall  
20 consider all of the following when determining a company with which to  
21 contract:

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

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

26 (c) The experience of the company in providing defined contribution  
27 retirement plans in lieu of defined benefit plan participation to public  
28 employees.

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

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

34 2. Require under a contract that a provider provide education,  
35 counseling and objective participant-specific plan advice to participants.  
36 Any participant-specific advice and counseling shall be administered by a  
37 federally registered investment advisor. The federally registered  
38 investment advisor shall act as a fiduciary to participants and is  
39 required to act in the participant's best interest.

40 3. Require under the contract that the defined contribution plan  
41 include not less than five and not more than twenty-five predetermined  
42 investment portfolio options to participants. The predetermined  
43 investment portfolio options shall include options that reflect different  
44 risk profiles and options that automatically reallocate and rebalance  
45 contributions as a participant ages. In addition, the defined

1 contribution plan may ~~permit~~ ALLOW participants to construct investment  
2 portfolios using some or all of the investment options comprising the  
3 predetermined investment portfolio options.

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

7 E. The board may:

8 1. Employ other services it deems necessary, including legal  
9 services, for the operation and administration of the defined contribution  
10 plan.

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

13 F. The board shall adopt policies regarding the defined  
14 contribution plan, including the administration of the participant and  
15 employer contributions, investment options, termination of participation  
16 in the defined contribution plan, administration of the payout options  
17 under the defined contribution plan and administration of the participant  
18 distributions.

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

23 H. Any contract for a third-party administrator of the defined  
24 contribution plan shall include competitive fees and provisions requiring  
25 quarterly meetings with the system, annual updates to the board on the  
26 status of the defined contribution plan and quarterly statements to each  
27 participant. On or before December ~~31~~ 1 of each year, the board shall  
28 report the status of the defined contribution plan to the governor, the  
29 president of the senate, the speaker of the house of representatives and  
30 the joint legislative budget committee.

31 Sec. 12. Section 38-883, Arizona Revised Statutes, is amended to  
32 read:

33 38-883. Board of trustees; powers and duties; reporting  
34 requirements

35 A. The board shall:

36 1. Maintain records of the operation and administration of the plan  
37 and fund.

38 2. Contract on a fee basis for an independent annual audit of the  
39 accounting records of the plan and fund and file a copy of the audit  
40 report with the auditor general.

41 3. Employ on a fee basis an independent firm of actuaries to  
42 perform annual actuarial valuations for each participating employer of the  
43 plan and fund based on an actuarial cost method and actuarial assumptions  
44 recommended by the actuary and adopted by the board. The actuarial  
45 valuations shall be performed by or under the direct supervision of an



1 actuary who is a member of the American academy of actuaries. By  
2 November 1 of each year, the board shall provide a preliminary report and  
3 by December ~~31~~ 1 of each year provide a final report to the governor, the  
4 speaker of the house of representatives and the president of the senate on  
5 the contribution rate for the ensuing fiscal year.

6 4. Invest and reinvest the monies and assets of the fund in  
7 accordance with the investment provisions of the public safety personnel  
8 retirement system. The board may commingle securities and monies of the  
9 fund subject to the crediting of receipts and earnings and charging of  
10 payments to the account of the appropriate employer.

11 5. Submit a detailed annual report of the operation and investment  
12 performance of the plan and fund to the governor, the legislature and the  
13 members of the plan. The board shall submit the annual report ~~no~~ NOT  
14 later than six months after the end of the fiscal year to which it  
15 pertains.

16 B. The board of trustees may:

17 1. Employ services it deems necessary, including legal services,  
18 for the operation and administration of the plan and fund.

19 2. Utilize separate or commingled investment vehicles.

20 3. Delegate authority to the administrator employed pursuant to  
21 section 38-848, subsection M, paragraph 6.

22 4. Appear before local boards and the courts and political  
23 subdivisions of this state through counsel or appointed representatives to  
24 protect the fund. The board of trustees is not responsible for the  
25 actions or omissions of the local boards under this plan but may seek  
26 review or a rehearing of actions or omissions of local boards. The board  
27 of trustees does not have a duty to review actions of the local boards but  
28 may do so, in its discretion, in order to protect the fund.

29 5. Perform all acts, whether or not expressly authorized, that it  
30 deems necessary and proper for the protection of the plan and fund.

31 Sec. 13. Section 41-121.02, Arizona Revised Statutes, is amended to  
32 read:

33 41-121.02. Department of state

34 A. ~~There is established~~ The department of state, ~~which IS~~  
35 ESTABLISHED AND shall be composed of the office of the secretary of state.

36 B. The secretary of state shall have charge of and direct the  
37 department of state.

38 C. Except as otherwise provided by law, employees of the department  
39 are subject to chapter 4, article 4 and, as applicable, articles 5 and 6  
40 of this title.

41 D. Purchases and contracts for goods and services **IN THE AMOUNT OF**  
42 **\$150,000 OR LESS THAT ARE** entered into by the Arizona state library,  
43 archives and public records are exempt from chapter 23 of this title.

44 E. The Arizona state library, archives and public records is exempt  
45 from chapter 6 of this title.

1           Sec. 14. Section 41-714, Arizona Revised Statutes, is amended to  
2 read:

3           41-714. Automation projects fund; subaccounts; exemption;  
4           annual report; purpose; joint legislative budget  
5           committee review

6           A. The automation projects fund is established consisting of monies  
7 appropriated by the legislature. The department of administration shall  
8 administer the fund. Monies in the fund are subject to legislative  
9 appropriation. The director shall establish a separate subaccount for  
10 each agency that implements, upgrades or maintains automation and  
11 information technology projects. Monies in each subaccount are subject to  
12 legislative appropriation. Monies may not be transferred between agency  
13 subaccounts. ~~Monies in the fund~~ AND are exempt from the provisions of  
14 section 35-190 relating to lapsing of appropriations, EXCEPT THAT ON  
15 COMPLETION OF AN AUTOMATION AND INFORMATION TECHNOLOGY PROJECT, ALL  
16 UNEXPENDED AND UNENCUMBERED MONIES REMAINING IN THE SUBACCOUNT REVERT TO  
17 THEIR FUND OF ORIGIN. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE  
18 DEPARTMENT SHALL SUBMIT A REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE  
19 ON EACH REVERSION MADE PURSUANT TO THIS SUBSECTION IN THE PRIOR FISCAL  
20 YEAR.

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

24           C. Before the expenditure of any monies from the fund, the joint  
25 legislative budget committee shall review the expenditure plan presented  
26 by the department for the fiscal year in which the monies are to be spent.  
27 The expenditure plan shall include the project cost, deliverables,  
28 timeline for completion and method of procurement.

29           Sec. 15. Section 41-1033, Arizona Revised Statutes, as amended by  
30 Laws 2021, chapter 340, section 1, is amended to read:

31           41-1033. Petition for a rule or review of an agency practice,  
32           substantive policy statement, final rule or unduly  
33           burdensome licensing requirement; notice

34           A. Any person may petition an agency to do either of the following:

- 35           1. Make, amend or repeal a final rule.
- 36           2. Review an existing agency practice or substantive policy  
37 statement that the petitioner alleges to constitute a rule.

38           B. An agency shall prescribe the form of the petition and the  
39 procedures for the petition's submission, consideration and disposition.  
40 The person shall state on the petition the rulemaking to review or the  
41 agency practice or substantive policy statement to consider revising,  
42 repealing or making into a rule.

1 C. Not later than sixty days after submission of the petition, the  
2 agency shall either:

3 1. Reject the petition and state its reasons in writing for  
4 rejection to the petitioner.

5 2. Initiate rulemaking proceedings in accordance with this chapter.

6 3. If otherwise lawful, make a rule.

7 D. The agency's response to the petition is open to public  
8 inspection.

9 E. If an agency rejects a petition pursuant to subsection C of this  
10 section, the petitioner has thirty days to appeal to the council to review  
11 whether the existing agency practice or substantive policy statement  
12 constitutes a rule. The council chairperson shall place this appeal on  
13 the agenda of the council's next meeting if at least three council members  
14 make such a request of the council chairperson within two weeks after the  
15 filing of the appeal.

16 F. A person may petition the council to request a review of a final  
17 rule based on the person's belief that the final rule does not meet the  
18 requirements prescribed in section 41-1030.

19 G. A person may petition the council to request a review of an  
20 existing agency practice, substantive policy statement, final rule or  
21 regulatory licensing requirement that the petitioner alleges is not  
22 specifically authorized by statute, is unduly burdensome or is not  
23 demonstrated to be necessary to specifically fulfill a public health,  
24 safety or welfare concern. On receipt of a properly submitted petition  
25 pursuant to this section, the council shall review the existing agency  
26 practice, substantive policy statement, final rule or regulatory licensing  
27 requirement as prescribed by this section. This subsection does not apply  
28 to an individual or institution that is subject to title 36, chapter 4,  
29 article 10 or chapter 20.

30 H. If the council receives information ~~contained in the petition~~  
31 that indicates how an existing agency practice or substantive policy  
32 statement may constitute a rule, that a final rule does not meet the  
33 requirements prescribed in section 41-1030 or that an existing agency  
34 practice, substantive policy statement, final rule or regulatory licensing  
35 requirement does not meet the guidelines prescribed in subsection G of  
36 this section and at least four council members request of the chairperson  
37 that the matter be heard in a public meeting:

38 1. Within ninety days after receipt of the fourth council member's  
39 request, the council shall determine whether **ANY OF THE FOLLOWING APPLIES:**

40 (a) The agency practice or substantive policy statement constitutes  
41 a rule.

42 (b) The final rule meets the requirements prescribed in section  
43 41-1030.

1 (c) An existing agency practice, substantive policy statement,  
2 final rule or regulatory licensing requirement meets the guidelines  
3 prescribed in subsection G of this section.

4 2. Within ten days after receipt of the fourth council member's  
5 request, the council shall notify the agency that the matter has been or  
6 will be placed on an agenda.

7 3. Not later than thirty days after receiving notice from the  
8 council, the agency shall submit a statement to the council that addresses  
9 whether **ANY OF THE FOLLOWING APPLIES:**

10 (a) The existing agency practice, substantive policy statement  
11 constitutes a rule.

12 (b) The final rule meets the requirements prescribed in section  
13 41-1030.

14 (c) An existing agency practice, substantive policy statement,  
15 final rule or regulatory licensing requirement meets the guidelines  
16 prescribed in subsection G of this section.

17 I. For the purposes of subsection H of this section, the council  
18 meeting shall not be scheduled until the expiration of the agency response  
19 period prescribed in subsection H, paragraph 3 of this section.

20 J. An agency practice, substantive policy statement, final rule or  
21 regulatory licensing requirement considered by the council pursuant to  
22 this section shall remain in effect while under consideration of the  
23 council. If the council determines that the agency practice or  
24 substantive policy statement constitutes a rule or that the final rule  
25 does not meet the requirements prescribed in section 41-1030, the  
26 practice, policy statement, rule or regulatory licensing requirement shall  
27 be considered void. If the council determines that the existing agency  
28 practice, substantive policy statement, final rule or regulatory licensing  
29 requirement is unduly burdensome or is not demonstrated to be necessary to  
30 specifically fulfill a public health, safety or welfare concern, the  
31 council may modify, revise or declare void any such existing agency  
32 practice, substantive policy statement, final rule or regulatory licensing  
33 requirement.

34 K. A council decision pursuant to this section shall include  
35 findings of fact and conclusions of law, separately stated. Conclusions  
36 of law shall specifically address the agency's authority to act consistent  
37 with section 41-1030.

38 L. A decision by the council pursuant to this section is not  
39 subject to judicial review, except that, in addition to the procedure  
40 prescribed in this section or in lieu of the procedure prescribed in this  
41 section, a person may seek declaratory relief pursuant to section 41-1034.

42 M. Each agency and the secretary of state shall post prominently on  
43 their websites notice of an individual's right to petition the council for  
44 review pursuant to this section.

1           Sec. 16. Section 41-1277, Arizona Revised Statutes, is amended to  
2 read:

3           41-1277. Joint legislative budget committee; annual report;  
4                           state debt and obligations; definitions

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

- 9           1. Outstanding general obligation bonds.  
10           2. Long-term notes and obligations.  
11           3. Certificates of participation and other obligations pursuant to  
12 any lease-purchase agreements.  
13           4. Revenue bonds.  
14           5. Deferred rollover payment obligations.

15           B. The report shall contain, for the ~~most recent~~ NEXT fiscal year:

16           1. The statewide aggregate level of outstanding principal and the  
17 principal and interest payments, by type of debt or obligation. ~~The~~  
18 ~~report shall be based on data available from the searchable database~~  
19 ~~required by section 18-304.~~

20           2. AN itemization, by budget unit, of the original due date of each  
21 deferred payment for deferred rollover payment obligations, the amount of  
22 interest paid to date due to the deferral and the amount of yearly  
23 interest to be paid in the most recent and the next fiscal year due to the  
24 deferral.

25           3. Information on per capita state debt and obligations.

26           4. Information on the ~~ten year~~ TEN-YEAR history of state debt and  
27 obligations based on available data.

28           C. The report ~~and a link to the searchable database required by~~  
29 ~~section 18-304~~ shall be posted on the joint legislative budget committee's  
30 website, and a copy of the report shall be provided to any member of the  
31 public who makes a request.

32           D. For the purposes of this section:

33           1. "Deferred rollover payment obligation" means an obligation to  
34 make a payment in a fiscal year that was due in and deferred from a  
35 previous fiscal year.

36           2. "State debt and obligations" means debt and obligations ~~whose~~  
37 ~~FOR WHICH THE~~ principal or interest is paid with state funds.

38           Sec. 17. Title 41, chapter 8, article 1, Arizona Revised Statutes,  
39 is amended by adding section 41-1306, to read:

40           41-1306. State capitol museum; management

41           THE DIRECTOR OF THE ARIZONA LEGISLATIVE COUNCIL SHALL DIRECT AND  
42 MANAGE THE STATE CAPITOL MUSEUM.

1           Sec. 18. Section 41-151.24, Arizona Revised Statutes, is  
2 transferred and renumbered for placement in title 41, chapter 8, article  
3 1, Arizona Revised Statutes, as section 41-1307 and, as so renumbered, is  
4 amended to read:

5           41-1307. Museum gift shop revolving fund; exemption

6           A. The museum gift shop revolving fund is established consisting of  
7 gift shop proceeds received from the sale of goods, gifts, nonfederal  
8 grants and donations. The director ~~OF THE ARIZONA LEGISLATIVE COUNCIL~~  
9 shall administer the fund. Monies in the fund are continuously  
10 appropriated. The director shall use the monies in the fund to provide to  
11 the public goods for sale that are reflective of the themes of the state  
12 capitol museum and this state.

13           B. Monies in the fund are exempt from the provisions of section  
14 35-190 relating to lapsing of appropriations.

15           Sec. 19. Section 41-1365, Arizona Revised Statutes, is amended to  
16 read:

17           41-1365. State monument and memorial repair fund; purpose;  
18           annual report; exemption

19           A. The state monument and memorial repair fund is established  
20 consisting of:

- 21           1. Donations.
- 22           2. Monies from ~~fund-raising~~ FUNDRAISING activities.
- 23           3. Monies that are collected by the proponents of a monument or  
24 memorial and that are deposited pursuant to section 41-1363.
- 25           4. Grants received for monuments or memorials, except for otherwise  
26 specifically dedicated grants.
- 27           5. Legislative appropriations.

28           B. The department of administration shall administer the fund. All  
29 monies in the fund are subject to legislative appropriation. Subject to  
30 this section, the department shall use monies appropriated from the fund  
31 ~~for~~ TO:

- 32           1. ~~The maintenance~~ ALTER, MODIFY, MAINTAIN, repair, ~~reconditioning~~  
33 RECONDITION or ~~relocation of~~ RELOCATE monuments or memorials. ~~and for~~
- 34           2. ~~Supporting~~ SUPPORT mechanical equipment in the governmental  
35 mall.

36           C. The department shall separately account for monies to a specific  
37 monument or memorial that is dedicated to this state for ~~maintenance;~~  
38 ~~repair~~ MAINTAINING, REPAIRING, reconditioning or ~~relocation of~~ RELOCATING  
39 that monument or memorial as follows:

- 40           1. Monies that are donated for the benefit of the specific monument  
41 or memorial.
- 42           2. Monies that are derived from ~~fund-raising~~ FUNDRAISING activities  
43 and that are collected for the benefit of a specific monument or memorial.
- 44           3. Monies that are collected and deposited pursuant to subsection  
45 A, paragraph 3 of this section.

1 D. On or before November 1 of each year, the department of  
2 administration shall submit to the joint legislative budget committee a  
3 report that accounts for all monies deposited in the fund. The report  
4 shall include the sources of the monies received for deposit, by category,  
5 and the purposes for which the monies were used during the preceding  
6 fiscal year.

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

11 F. Monies in the fund are exempt from the provisions of section  
12 35-190 relating to lapsing of appropriations.

13 Sec. 20. Title 41, chapter 10, article 1, Arizona Revised Statutes,  
14 is amended by adding section 41-1506.02, to read:

15 41-1506.02. Major events fund; purpose; report

16 A. THE MAJOR EVENTS FUND IS ESTABLISHED CONSISTING OF MONIES  
17 APPROPRIATED TO THE FUND BY THE LEGISLATURE AND PRIVATE DONATIONS. THE  
18 AUTHORITY SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY  
19 APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING  
20 TO LAPSING OF APPROPRIATIONS. MONIES IN THE FUND MAY BE USED:

21 1. TO SUPPORT THE PLANNING AND OPERATION OF THE COMPETITIVE BID  
22 PROCESS FOR MAJOR EVENTS IN COORDINATION WITH THE OFFICE OF TOURISM,  
23 DESTINATION MARKETING ORGANIZATIONS AND LOCAL ORGANIZING COMMITTEES.

24 2. TO NEGOTIATE AND MAKE GRANTS TO LOCAL ORGANIZING COMMITTEES OR  
25 EQUIVALENT ORGANIZATIONS FOR THE OPERATING COSTS OF MAJOR EVENTS. MONIES  
26 MAY NOT BE USED TO SUPPLANT ROUTINE OPERATING EXPENSES OF ANY POLITICAL  
27 SUBDIVISION OF THIS STATE. THE GRANT FOR AN EVENT MAY NOT BE MORE THAN  
28 TWENTY-FIVE PERCENT OF THE OPERATING EXPENDITURES REQUIRED UNDER THE EVENT  
29 SUPPORT CONTRACT BETWEEN THE HOST ORGANIZATION AND THE LOCAL ORGANIZING  
30 COMMITTEE OR EQUIVALENT ORGANIZATION.

31 3. FOR OTHER ECONOMIC DEVELOPMENT ACTIVITIES ASSOCIATED WITH MAJOR  
32 EVENT OPERATIONS.

33 B. BEFORE AWARDING A GRANT PURSUANT TO SUBSECTION A OF THIS  
34 SECTION, THE AUTHORITY SHALL PREPARE A WRITTEN STATEMENT SIGNED BY THE  
35 CHIEF EXECUTIVE OFFICER THAT ASSESSES THE DIRECT ECONOMIC IMPACT OF THE  
36 GRANT AND CONTAINS A FINDING THAT THE AWARD OF THE GRANT IS IN THE BEST  
37 INTEREST OF THIS STATE.

38 C. THE AUTHORITY SHALL SUBMIT A SEMI-ANNUAL REPORT TO THE JOINT  
39 LEGISLATIVE BUDGET COMMITTEE ON OR BEFORE JULY 15 AND DECEMBER 15 OF EACH  
40 YEAR. EACH REPORT SHALL INCLUDE, AT A MINIMUM, THE AMOUNT OF ACTUAL  
41 EXPENDITURES FROM THE FUND BY PURPOSE AND AN EXPENDITURE PLAN FOR ALL  
42 REMAINING MONIES BY PURPOSE.

1           Sec. 21. Title 41, Arizona Revised Statutes, is amended by adding  
2 chapter 16, to read:

3   CHAPTER 16  
4   STATE PERMITTING DASHBOARD  
5   ARTICLE 1. GENERAL PROVISIONS

6           41-2101. Definitions

7           IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

8           1. "AGENCY":

9           (a) MEANS ANY EXECUTIVE DEPARTMENT OF THIS STATE.

10          (b) DOES NOT INCLUDE THE CORPORATION COMMISSION.

11          2. "AUTHORIZATION" MEANS A LICENSE, PERMIT, APPROVAL, FINDING, LAND  
12 USE PERMIT, DETERMINATION OR OTHER ADMINISTRATIVE DECISION THAT IS ISSUED  
13 BY THIS STATE TO SITE, CONSTRUCT, RECONSTRUCT OR COMMENCE OPERATIONS OF AN  
14 ELIGIBLE PROJECT THAT IS ADMINISTERED BY AN AGENCY.

15          3. "DIRECTOR" MEANS THE STATE PERMITTING DIRECTOR.

16          4. "ELIGIBLE PROJECT" MEANS AN ACTIVITY IN THIS STATE THAT REQUIRES  
17 AUTHORIZATION BY AN AGENCY, THAT INVOLVES INFRASTRUCTURE CONSTRUCTION FOR  
18 RENEWABLE OR CONVENTIONAL ENERGY PRODUCTION, ELECTRICITY TRANSMISSION,  
19 MINING, LAND REVITALIZATION, SURFACE TRANSPORTATION, AVIATION, WATER  
20 RESOURCE PROJECTS, WASTEWATER PROJECTS, BROADBAND, PIPELINES OR  
21 MANUFACTURING OR ANY OTHER ACTIVITY AS DETERMINED BY THE DIRECTOR AND THAT  
22 MEETS BOTH OF THE FOLLOWING:

23          (a) IS SUBJECT TO APPLICABLE STATE ENVIRONMENTAL LAWS, PERMITTING  
24 REGULATIONS AND OTHER RELEVANT GOVERNMENT AUTHORIZATIONS, THE SIZE AND  
25 COMPLEXITY OF WHICH WILL MAKE THE ELIGIBLE PROJECT BENEFIT FROM ENHANCED  
26 OVERSIGHT AND COORDINATION.

27          (b) REQUIRES A TOTAL CONSTRUCTION INVESTMENT OF MORE THAN  
28 \$25,000,000, OR IF THE TOTAL CONSTRUCTION INVESTMENT IS LESS THAN  
29 \$25,000,000, THE DIRECTOR FINDS THAT OTHER FACTORS MAKE ENHANCED OVERSIGHT  
30 AND COORDINATION BENEFICIAL TO THE ELIGIBLE PROJECT.

31          5. "PARTICIPATING PROJECT" MEANS AN ELIGIBLE PROJECT INCLUDED IN  
32 THE PERMITTING DASHBOARD ESTABLISHED PURSUANT TO SECTION 41-2104.

33          6. "PERMITTING DASHBOARD" MEANS AN ONLINE TOOL FOR AGENCIES,  
34 PROJECT DEVELOPERS AND INTERESTED MEMBERS OF THE PUBLIC TO TRACK  
35 AUTHORIZATIONS BY AGENCIES FOR PARTICIPATING PROJECTS.

36          7. "PROJECT SPONSOR" MEANS THE ENTITY THAT UNDERTAKES AN ELIGIBLE  
37 PROJECT.

38           41-2102. State permitting director

39           A. THE GOVERNOR SHALL APPOINT A STATE PERMITTING DIRECTOR TO  
40 IMPLEMENT THIS CHAPTER.

41           B. AT THE REQUEST OF THE CHAIRPERSON OF THE JOINT LEGISLATIVE  
42 BUDGET COMMITTEE, THE DIRECTOR SHALL APPEAR BEFORE THE JOINT LEGISLATIVE  
43 BUDGET COMMITTEE TO REPORT ON FINDINGS FROM ADMINISTERING THE PERMITTING  
44 DASHBOARD.



1           41-2103. Participating projects; notice; agency designation

2           A. A PROJECT SPONSOR OF AN ELIGIBLE PROJECT MAY SUBMIT TO THE  
3 DIRECTOR A NOTICE THAT THE PROJECT SPONSOR IS INITIATING A PROPOSED  
4 PROJECT. EACH NOTICE SHALL INCLUDE ALL OF THE FOLLOWING:

5           1. A STATEMENT OF THE PURPOSES AND OBJECTIVES OF THE PROPOSED  
6 PROJECT.

7           2. A PROJECT DESCRIPTION WITH GEOGRAPHIC INFORMATION, INCLUDING THE  
8 LOCATION OF THE PROPOSED PROJECT AND GEOSPATIAL INFORMATION.

9           3. A STATEMENT REGARDING THE TECHNICAL AND FINANCIAL ABILITY OF THE  
10 PROJECT SPONSOR TO CONSTRUCT THE PROPOSED PROJECT.

11           4. A LIST OF AGENCIES THAT MAY REQUIRE AUTHORIZATIONS FOR  
12 COMPLETION OF THE PROPOSED PROJECT.

13           5. A STATEMENT OF ANY AUTHORIZATION THAT IS ANTICIPATED TO BE  
14 REQUIRED TO COMPLETE THE PROPOSED PROJECT.

15           6. AN ASSESSMENT THAT THE PROPOSED PROJECT MEETS THE DEFINITION OF  
16 AN ELIGIBLE PROJECT UNDER THIS CHAPTER AND A STATEMENT OF REASONS  
17 SUPPORTING THE ASSESSMENT.

18           B. NOT LATER THAN THIRTY DAYS AFTER RECEIVING THE NOTICE SPECIFIED  
19 IN SUBSECTION A OF THIS SECTION, THE DIRECTOR SHALL DETERMINE WHETHER THE  
20 PROPOSED PROJECT QUALIFIES AS AN ELIGIBLE PROJECT AND WHETHER TO INCLUDE  
21 THE PROPOSED PROJECT AS A PARTICIPATING PROJECT.

22           C. NOT LATER THAN FORTY-FIVE DAYS AFTER THE DATE OF THE  
23 DETERMINATION MADE IN SUBSECTION B OF THIS SECTION, EACH AGENCY IDENTIFIED  
24 BY THE PROJECT SPONSOR SHALL SUBMIT TO THE DIRECTOR ALL ANTICIPATED  
25 AUTHORIZATIONS REQUIRED FOR EACH PARTICIPATING PROJECT, INCLUDING BOTH OF  
26 THE FOLLOWING:

27           1. THE STEPS REQUIRED BY THE PROJECT SPONSOR AND THE AGENCY TO  
28 COMPLETE EACH AUTHORIZATION.

29           2. THE TARGET COMPLETION TIME FOR EACH STEP.

30           D. IF AN AGENCY REQUIRES AN AUTHORIZATION TO COMPLETE A  
31 PARTICIPATING PROJECT THAT WAS NOT SUBMITTED PURSUANT TO SUBSECTION C OF  
32 THIS SECTION, THE AGENCY SHALL PROVIDE TO THE DIRECTOR A WRITTEN STATEMENT  
33 OF CAUSE FOR THE ADDITIONAL AUTHORIZATION.

34           E. EACH AGENCY IDENTIFIED BY THE PROJECT SPONSOR SHALL NOTIFY THE  
35 DIRECTOR REGARDING ANY DECISION MADE THAT MATERIALLY AFFECTS THE STATUS OF  
36 A PARTICIPATING PROJECT AND SHALL SUBMIT ANY SIGNIFICANT DOCUMENT  
37 ASSOCIATED WITH THE DECISION AS ALLOWED BY STATE AND FEDERAL LAW.

38           F. AN AGENCY MAY NOT REQUIRE AN ELIGIBLE PROJECT TO PARTICIPATE IN  
39 THE PERMITTING DASHBOARD.

40           41-2104. Permitting dashboard; permitting timetable

41           A. THE DIRECTOR SHALL ESTABLISH AND MAINTAIN AN ONLINE DATABASE TO  
42 BE KNOWN AS THE PERMITTING DASHBOARD THAT DISPLAYS THE PROGRESS TO  
43 COMPLETION FOR STATE AUTHORIZATIONS FOR PARTICIPATING PROJECTS. THE  
44 PERMITTING DASHBOARD MUST INCLUDE A VISUAL INTERFACE THAT TRACKS THE  
45 STATUS OF EACH AUTHORIZATION REQUIRED FOR PARTICIPATING PROJECTS.

1 B. THE DIRECTOR SHALL COORDINATE WITH THE DEPARTMENT OF  
2 ENVIRONMENTAL QUALITY, DEPARTMENT OF TRANSPORTATION, STATE LAND  
3 DEPARTMENT, DEPARTMENT OF WATER RESOURCES, ARIZONA COMMERCE AUTHORITY,  
4 ARIZONA GAME AND FISH DEPARTMENT AND STATE HISTORIC PRESERVATION OFFICE  
5 AND ANY OTHER AGENCY THAT REQUIRES AUTHORIZATION FOR A PARTICIPATING  
6 PROJECT.

7 C. FOR EACH PARTICIPATING PROJECT THAT IS ADDED TO THE PERMITTING  
8 DASHBOARD, THE DIRECTOR MAY DISPLAY ON THE PERMITTING DASHBOARD, TO THE  
9 EXTENT CONSISTENT WITH APPLICABLE LAW, ALL OF THE FOLLOWING:

10 1. THE NOTICE SUBMITTED UNDER SECTION 41-2103, SUBSECTION A.

11 2. THE APPLICATION AND SUPPORTING DOCUMENTS, IF APPLICABLE, THAT  
12 THE PROJECT SPONSOR HAS SUBMITTED FOR ANY REQUIRED AUTHORIZATION OR A  
13 NOTICE EXPLAINING HOW THE PUBLIC MAY OBTAIN ACCESS TO THE DOCUMENTS IF THE  
14 DOCUMENTS ARE NOT AVAILABLE ON THE WEBSITE.

15 3. A DESCRIPTION OF ANY DECISION MADE THAT MATERIALLY AFFECTS THE  
16 STATUS OF A PARTICIPATING PROJECT.

17 4. A LIST OF ROLES AND RESPONSIBILITIES FOR ALL ENTITIES WITH  
18 AUTHORIZATION RESPONSIBILITY FOR THE PARTICIPATING PROJECT.

19 5. A PERMITTING TIMETABLE THAT SETS FORTH A COMPREHENSIVE SCHEDULE  
20 OF DATES BY WHICH ALL AUTHORIZATIONS AND, TO THE MAXIMUM EXTENT  
21 PRACTICABLE, STATE PERMITS, REVIEWS AND APPROVALS WILL BE MADE.

22 6. THE COMPLETION STATUS OF THE AUTHORIZATION INCLUDED IN THE  
23 PERMITTING TIMETABLE.

24 41-2105. State and local government coordination  
25 TO INTEGRATE AUTHORIZATIONS, EACH AGENCY, TO THE MAXIMUM EXTENT  
26 PRACTICABLE, SHALL CARRY OUT ITS OBLIGATIONS WITH RESPECT TO A  
27 PARTICIPATING PROJECT UNDER ANY OTHER APPLICABLE LAW CONCURRENTLY AND IN  
28 CONJUNCTION WITH OTHER AUTHORIZATIONS BEING CONDUCTED BY OTHER AGENCIES OR  
29 LOCAL GOVERNMENTS UNLESS THE AGENCY DETERMINES THAT DOING SO WOULD IMPAIR  
30 THE AGENCY'S ABILITY TO CARRY OUT ITS STATUTORY OBLIGATIONS.

31 41-2106. Dispute resolution; governor's regulatory review  
32 council; rules

33 A. THE DIRECTOR, IN CONSULTATION WITH THE PROJECT SPONSOR AND ANY  
34 RELEVANT AGENCY, AS NECESSARY, SHALL MEDIATE ANY DISPUTE RELATED TO THE  
35 PERMITTING TIMETABLE.

36 B. IF A RESOLUTION FOR A DISPUTE IS NOT REACHED PURSUANT TO  
37 SUBSECTION A OF THIS SECTION, THE DIRECTOR SHALL NOTIFY THE GOVERNOR'S  
38 REGULATORY REVIEW COUNCIL AND REVIEW THE DISPUTE WITH THE DIRECTORS OF THE  
39 RELEVANT AGENCY. WITHIN THIRTY DAYS AFTER THE DIRECTOR NOTIFIES THE  
40 GOVERNOR'S REGULATORY REVIEW COUNCIL OF THE DISPUTE, THE GOVERNOR'S  
41 REGULATORY REVIEW COUNCIL SHALL RECOMMEND A COURSE OF ACTION TO THE  
42 DIRECTOR, AND THE DIRECTOR MAY REQUIRE AGENCY ACTION TO RESOLVE THE  
43 DISPUTE.

44 C. THE GOVERNOR'S REGULATORY REVIEW COUNCIL MAY ADOPT RULES  
45 REGARDING THE IMPLEMENTATION OF THIS SECTION.

1           Sec. 22. Delayed repeal  
2           Title 41, chapter 16, Arizona Revised Statutes, as added by this  
3 act, is repealed from and after December 31, 2028.

4           Sec. 23. Section 41-2501, Arizona Revised Statutes, is amended to  
5 read:

6           41-2501. Applicability

7           A. This chapter applies only to procurements initiated after  
8 January 1, 1985 unless the parties agree to its application to  
9 procurements initiated before that date.

10          B. This chapter applies to every expenditure of public monies,  
11 including federal assistance monies except as otherwise specified in  
12 section 41-2637, by this state, acting through a state governmental unit  
13 as defined in this chapter, under any contract, except that this chapter  
14 does not apply to either grants as defined in this chapter, or contracts  
15 between this state and its political subdivisions or other governments,  
16 except as provided in chapter 24 of this title and in article 10 of this  
17 chapter. This chapter also applies to the disposal of state materials.  
18 This chapter and rules adopted under this chapter do not prevent any state  
19 governmental unit or political subdivision from complying with the terms  
20 of any grant, gift, bequest or cooperative agreement.

21          C. All political subdivisions and other local public agencies of  
22 this state may adopt all or any part of this chapter and the rules adopted  
23 pursuant to this chapter.

24          D. Notwithstanding any other law, sections 41-2517 and 41-2546  
25 apply to any agency as defined in section 41-1001, including the office of  
26 the governor.

27          E. The Arizona board of regents and the legislative and judicial  
28 branches of state government are not subject to this chapter except as  
29 prescribed in subsection F of this section.

30          F. The Arizona board of regents and the judicial branch shall adopt  
31 rules prescribing procurement policies and procedures for themselves and  
32 institutions under their jurisdiction. The rules must be substantially  
33 equivalent to the policies and procedures prescribed in this chapter.

34          G. The Arizona state lottery commission is exempt from this chapter  
35 for procurement relating to the design and operation of the lottery or  
36 purchase of lottery equipment, tickets and related materials. The  
37 executive director of the Arizona state lottery commission shall adopt  
38 rules substantially equivalent to the policies and procedures in this  
39 chapter for procurement relating to the design and operation of the  
40 lottery or purchase of lottery equipment, tickets or related materials.  
41 All other procurement shall be as prescribed by this chapter.

42          H. The Arizona health care cost containment system administration  
43 is exempt from this chapter for provider contracts pursuant to section  
44 36-2904, subsection A and contracts for goods and services, including  
45 program contractor contracts pursuant to title 36, chapter 29, articles 2

1 and 3 and contracts with regional behavioral health authorities pursuant  
2 to title 36, chapter 34. All other procurement, including contracts for  
3 the statewide administrator of the program pursuant to section 36-2903,  
4 subsection B, shall be as prescribed by this chapter.

5 I. Arizona correctional industries is exempt from this chapter for  
6 purchases of raw materials, components and supplies that are used in the  
7 manufacture or production of goods or services for sale entered into  
8 pursuant to section 41-1622. All other procurement shall be as prescribed  
9 by this chapter.

10 J. The state transportation board and the director of the  
11 department of transportation are exempt from this chapter other than  
12 sections 41-2517 and 41-2586 and are subject to title 28, chapter 20 and 2  
13 Code of Federal Regulations section 200.317 for the procurement of the  
14 following:

15 1. All items of construction, reconstruction, rehabilitation,  
16 preservation or improvement undertaken on highway infrastructure.

17 2. Engineering services and any other work or activity to carry out  
18 engineering services related to highway infrastructure.

19 3. Right-of-way services related to land titles, appraisals, real  
20 property acquisitions, relocation services, property management and  
21 facility design.

22 4. Any other construction, reconstruction, rehabilitation,  
23 preservation or improvement work or activity that is required pursuant to  
24 title 28, chapter 20.

25 K. The Arizona highways magazine is exempt from this chapter for  
26 contracts for the production, promotion, distribution and sale of the  
27 magazine and related products and for contracts for sole source creative  
28 works entered into pursuant to section 28-7314, subsection A, paragraph 5.  
29 All other procurement shall be as prescribed by this chapter.

30 L. The secretary of state is exempt from this chapter for contracts  
31 entered into pursuant to section 41-1012 to publish and sell the  
32 administrative code. All other procurement shall be as prescribed by this  
33 chapter.

34 M. This chapter is not applicable to contracts for professional  
35 witnesses if the purpose of such contracts is to provide for professional  
36 services or testimony relating to an existing or probable judicial  
37 proceeding in which this state is or may become a party or to contract for  
38 special investigative services for law enforcement purposes.

39 N. The head of any state governmental unit, in relation to any  
40 contract exempted by this section from this chapter, has the same  
41 authority to adopt rules, procedures or policies as is delegated to the  
42 director pursuant to this chapter.

43 O. Agreements negotiated by legal counsel representing this state  
44 in settlement of litigation or threatened litigation are exempt from this  
45 chapter.

1 P. This chapter is not applicable to contracts entered into by the  
2 department of economic security:

3 1. With a provider licensed or certified by an agency of this state  
4 to provide child day care services.

5 2. With area agencies on aging created pursuant to the older  
6 Americans act of 1965 (P.L. 89-73; 79 Stat. 218; 42 United States Code  
7 sections 3001 through 3058ff).

8 3. For services pursuant to title 36, chapter 29, article 2.

9 4. With an eligible entity as defined by Public Law 105-285,  
10 section 673(1)(A)(i), as amended, for designated community services block  
11 grant program monies and any other monies given to the eligible entity  
12 that accomplishes the purpose of Public Law 105-285, section 672.

13 Q. The Arizona health care cost containment system may not require  
14 that persons with whom it contracts follow this chapter for the purposes  
15 of subcontracts entered into for the provision of the following:

16 1. Mental health services pursuant to section 36-189, subsection B.

17 2. Services for the seriously mentally ill pursuant to title 36,  
18 chapter 5, article 10.

19 3. Drug and alcohol services pursuant to section 36-141.

20 R. The department of health services may not require that persons  
21 with whom it contracts follow this chapter for the purpose of subcontracts  
22 entered into for the provision of domestic violence services pursuant to  
23 title 36, chapter 30, article 1.

24 S. The department of health services is exempt from this chapter  
25 for contracts for services of physicians at the Arizona state hospital.

26 ~~F. Contracts for goods and services approved by the board of~~  
27 ~~trustees of the public safety personnel retirement system are exempt from~~  
28 ~~this chapter.~~

29 ~~T.~~ T. The Arizona department of agriculture is exempt from this  
30 chapter with respect to contracts for private labor and equipment to  
31 effect cotton or cotton stubble plow-up pursuant to rules adopted under  
32 title 3, chapter 2, article 1.

33 ~~U.~~ U. The Arizona state parks board is exempt from this chapter  
34 for purchases of guest supplies and items for resale such as food, linens,  
35 gift items, sundries, furniture, china, glassware and utensils for the  
36 facilities located in the Tonto natural bridge state park.

37 ~~V.~~ V. The Arizona state parks board is exempt from this chapter  
38 for the purchase, production, promotion, distribution and sale of  
39 publications, souvenirs and sundry items obtained and produced for resale.

40 ~~W.~~ W. The Arizona state schools for the deaf and the blind are  
41 exempt from this chapter for the purchase of textbooks and when purchasing  
42 products through a cooperative that is organized and operates in  
43 accordance with state law if such products are not available on a  
44 statewide contract and are related to the operation of the schools or are

1 products for which special discounts are offered for educational  
2 institutions.

3 ~~Y.~~ X. Expenditures of monies in the morale, welfare and  
4 recreational fund established by section 26-153 are exempt from this  
5 chapter.

6 ~~Z.~~ Y. Notwithstanding section 41-2534, the director of the state  
7 department of corrections may contract with local medical providers in  
8 counties with a population of less than four hundred thousand persons for  
9 the following purposes:

10 1. To acquire hospital and professional medical services for  
11 inmates who are incarcerated in state department of corrections facilities  
12 that are located in those counties.

13 2. To ensure the availability of emergency medical services to  
14 inmates in all counties by contracting with the closest medical facility  
15 that offers emergency treatment and stabilization.

16 ~~AA.~~ Z. The department of environmental quality is exempt from this  
17 chapter for contracting for procurements relating to the water quality  
18 assurance revolving fund program established pursuant to title 49, chapter  
19 2, article 5. The department shall engage in a source selection process  
20 that is similar to the procedures prescribed by this chapter. The  
21 department may contract for remedial actions with a single selection  
22 process. The exclusive remedy for disputes or claims relating to  
23 contracting pursuant to this subsection is as prescribed by article 9 of  
24 this chapter and the rules adopted pursuant to that article. All other  
25 procurement by the department shall be as prescribed by this chapter.

26 ~~BB.~~ AA. The motor vehicle division of the department of  
27 transportation is exempt from this chapter for third-party authorizations  
28 pursuant to title 28, chapter 13, only if all of the following conditions  
29 exist:

30 1. The division does not pay any public monies to an authorized  
31 third party.

32 2. Exclusivity is not granted to an authorized third party.

33 3. The director has complied with the requirements prescribed in  
34 title 28, chapter 13 in selecting an authorized third party.

35 ~~CC.~~ BB. This section does not exempt third-party authorizations  
36 pursuant to title 28, chapter 13 from any other applicable law.

37 ~~DD.~~ CC. The state forester is exempt from this chapter for  
38 purchases and contracts relating to wildland fire suppression and  
39 pre-positioning equipment resources and for other activities related to  
40 combating wildland fires and other unplanned risk activities, including  
41 fire, flood, earthquake, wind and hazardous material responses. All other  
42 procurement by the state forester shall be as prescribed by this chapter.

43 ~~EE.~~ DD. The cotton research and protection council is exempt from  
44 this chapter for procurements.

1         ~~FF.~~ EE. The Arizona commerce authority is exempt from this  
2 chapter, except article 10 for the purpose of cooperative purchases. The  
3 authority shall adopt policies, procedures and practices, in consultation  
4 with the department of administration, that are similar to and based on  
5 the policies and procedures prescribed by this chapter for the purpose of  
6 increased public confidence, fair and equitable treatment of all persons  
7 engaged in the process and fostering broad competition while accomplishing  
8 flexibility to achieve the authority's statutory requirements. The  
9 authority shall make its policies, procedures and practices available to  
10 the public. The authority may exempt specific expenditures from the  
11 policies, procedures and practices.

12         ~~GG.~~ FF. The Arizona exposition and state fair board is exempt from  
13 this chapter for contracts for professional entertainment.

14         ~~HH.~~ GG. This chapter does not apply to the purchase of water, gas  
15 or electric utilities.

16         ~~II.~~ HH. This chapter does not apply to professional  
17 certifications, professional memberships and conference registrations.

18         ~~JJ.~~ II. The department of gaming is exempt from this chapter for  
19 problem gambling treatment services contracts with licensed behavioral  
20 health professionals.

21         ~~KK.~~ JJ. This chapter does not apply to contracts for credit  
22 reporting services.

23         ~~LL.~~ KK. This chapter does not apply to contracts entered into by  
24 the department of child safety:

- 25             1. With a provider of family foster care pursuant to section 8-503.
- 26             2. With an eligible entity as defined by Public Law 105-285,  
27 section 673(1)(A)(i), as amended, for designated community services block  
28 grant program monies and any other monies given to the eligible entity  
29 that accomplishes the purpose of Public Law 105-285, section 672.
- 30             3. For services pursuant to title 36, chapter 29, article 1 and as  
31 set forth in the approved medicaid state plan.

32         ~~MM.~~ LL. This chapter does not apply to contracts entered into by  
33 the department of economic security with a financial institution to serve  
34 as a program manager and depository under section 46-903.

35         Sec. 24. Attorney general; defense of state election laws;  
36             secretary of state; representation

37             A. The powers and duties of the secretary of state and attorney  
38 general are prescribed by law pursuant article V, section 9, Constitution  
39 of Arizona. The legislature reaffirms that the legal defense of state  
40 election laws and procedures is of statewide importance and therefore the  
41 attorney general has the sole authority to defend such laws pursuant to  
42 the legal authority established by the legislature. The authority of the  
43 attorney general is paramount and is not shared or delegated to the  
44 secretary of state or any other state official. The exercise of the  
45 attorney general's authority to defend state election laws is not limited

1 by the attorney general's advisory duties to any other state officer or  
2 agency.

3 B. In furtherance of the principles prescribed in subsection A of  
4 this section and to clarify legislative intent, through January 2, 2023,  
5 the attorney general has sole authority in all election litigation to  
6 direct the defense of election laws, to appeal or petition any decision  
7 and to intervene on behalf of this state at any stage, regardless of  
8 whether any state agency, any political subdivision or any officer or  
9 employee of this state or any state agency or political subdivision is, or  
10 seeks to become, a party. The legislature intends that the attorney  
11 general make all strategic decisions regarding election litigation and be  
12 allowed to intervene on behalf of this state if the attorney general  
13 determines, in the attorney general's sole discretion, that the  
14 intervention is appropriate.

15 C. Notwithstanding any other law, the attorney general shall not  
16 represent or provide legal advice to the secretary of state or the  
17 department of state on any matters through June 30, 2023. The secretary  
18 of state may hire one full-time equivalent position to serve as legal  
19 advisor and to represent the secretary of state, but the secretary may not  
20 make expenditures or incur indebtedness to employ outside or private  
21 attorneys to provide representation or services.

22 Sec. 25. Unrestricted federal monies; essential government  
23 services; retroactivity

24 A. Any unrestricted federal monies received by this state beginning  
25 July 1, 2021 through June 30, 2022 shall be deposited in the state general  
26 fund. The monies shall be used to pay essential governmental services.

27 B. This section applies retroactively to from and after June 30,  
28 2021.

29 Sec. 26. Rental rates; state-owned buildings; fiscal year  
30 2021-2022; exemptions

31 Notwithstanding section 41-792.01, subsection D, Arizona Revised  
32 Statutes:

33 1. The capital outlay stabilization fund rental rates for  
34 state-owned buildings in fiscal year 2021-2022 are \$17.87 per square foot  
35 for office space and \$6.43 per square foot for storage space.

36 2. The department of administration may approve whole or partial  
37 rent exemptions in fiscal year 2021-2022 without recommendation from the  
38 joint committee on capital review. The department shall report to the  
39 joint legislative budget staff on each proposed agency rent exemption  
40 before approving the exemption.

41 Sec. 27. Budget stabilization fund; exceptions

42 Notwithstanding section 35-144, Arizona Revised Statutes, for fiscal  
43 years 2021-2022, 2022-2023 and 2023-2024 the legislature is not required  
44 to appropriate monies to or transfer monies from the budget stabilization  
45 fund.



1           Sec. 28. COVID-related expenditures: reporting requirements:  
2                                   intent

3           A. Before spending monies from the coronavirus state fiscal  
4 recovery fund and the coronavirus capital projects fund as appropriated by  
5 section 9901 of the American rescue plan act of 2021 (P.L. 117-2) in the  
6 amount of \$10,000,000 or more for one designated purpose, the office of  
7 the governor shall notify the president of the senate, the speaker of the  
8 house of representatives, the chairpersons of the senate and house of  
9 representatives appropriations committees and the director of the joint  
10 legislative budget committee of the intended use of the monies.

11           B. Within thirty days after the last day of each calendar quarter  
12 through June 30, 2024, the office of the governor shall report to the  
13 president of the senate, the speaker of the house of representatives, the  
14 chairpersons of the senate and house of representatives appropriations  
15 committees and the director of the joint legislative budget committee the  
16 actual expenditures from the coronavirus state fiscal recovery fund and  
17 the coronavirus capital projects fund as appropriated by section 9901 of  
18 the American rescue plan act of 2021 (P.L. 117-2).

19           C. Before spending monies allocated to the superintendent of public  
20 instruction from the elementary and secondary school emergency relief fund  
21 as appropriated by section 2001 of the American rescue plan act of 2021  
22 (P.L. 117-2) in the amount of \$10,000,000 or more for one designated  
23 purpose, the superintendent of public instruction shall notify the  
24 president of the senate, the speaker of the house of representatives, the  
25 chairpersons of the senate and house of representatives appropriations  
26 committees and the director of the joint legislative budget committee of  
27 the intended use of the monies.

28           D. Within thirty days after the last day of each calendar quarter  
29 through June 30, 2024, the superintendent of public instruction shall  
30 report to the president of the senate, the speaker of the house of  
31 representatives, the chairpersons of the senate and house of  
32 representatives appropriations committees and the director of the joint  
33 legislative budget committee the actual expenditure of monies allocated to  
34 the superintendent of public instruction from the elementary and secondary  
35 school emergency relief fund as appropriated by section 2001 of the  
36 American rescue plan act of 2021 (P.L. 117-2).

37           E. Before spending monies from the higher education emergency  
38 relief fund as appropriated by section 2003 of the American rescue plan  
39 act of 2021 (P.L. 117-2) in the amount of \$10,000,000 or more for one  
40 designated purpose, the Arizona board of regents shall report to the  
41 president of the senate, the speaker of the house of representatives, the  
42 chairpersons of the senate and house of representatives appropriations  
43 committees and the director of the joint legislative budget committee the  
44 intended use of the monies by Arizona state university, the university of  
45 Arizona, and northern Arizona university.

1 F. Within thirty days after the last day of each calendar quarter  
2 through June 30, 2024, the Arizona board of regents shall report to the  
3 president of the senate, the speaker of the house of representatives, the  
4 chairpersons of the senate and house of representatives appropriations  
5 committees and the director of the joint legislative budget committee the  
6 actual expenditure of monies from the higher education emergency relief  
7 fund as appropriated by section 2003 of the American rescue plan act of  
8 2021 (P.L. 117-2) by Arizona state university, the university of Arizona,  
9 and northern Arizona university.

10 G. Reports required pursuant to this section shall delineate  
11 expenditures by agency and program and include descriptions of the purpose  
12 of the expenditures.

13 H. The legislature intends that the executive branch of state  
14 government report on its planned and actual use of any major additional  
15 federal aid to the state of Arizona through federal legislation enacted by  
16 the end of fiscal year 2021-2022. The timing and frequency of these  
17 reports should be the same as required by subsections A through F of this  
18 section. The chairman and vice chairman of the joint legislative budget  
19 committee may provide recommendations to the executive branch concerning  
20 federal legislation that would qualify under this subsection.

21 Sec. 29. Advisory committee on the formation of a southern  
22 Arizona regional sports authority; membership;  
23 duties; report; delayed repeal

24 A. The advisory committee on the formation of a southern Arizona  
25 regional sports authority is established consisting of the following  
26 members:

27 1. Three members of the house of representatives who are appointed  
28 by the speaker of the house of representatives, not more than two of whom  
29 are members of the same political party. The speaker of the house of  
30 representatives shall designate one of these members to serve as  
31 cochairperson of the committee.

32 2. Three members of the senate who are appointed by the president  
33 of the senate, not more than two of whom are members of the same political  
34 party. The president of the senate shall designate one of these members  
35 to serve as cochairperson of the committee.

36 3. Three public members who are appointed by the speaker of the  
37 house of representatives and who are knowledgeable about regional sports  
38 authorities, economic development and fiscal and other problems that  
39 currently exist or may exist in the future as a result of the development  
40 of a regional sports authority.

41 4. Three public members who are appointed by the president of the  
42 senate and who are knowledgeable about regional sports authorities,  
43 economic development and fiscal and other problems that currently exist or  
44 may exist in the future as a result of the development of a regional  
45 sports authority.

1           5. One member who is appointed by the governor.

2           B. The committee shall research and report on the economic  
3 development and fiscal and related impacts of the formation of a southern  
4 Arizona regional sports authority.

5           C. A majority of the members of the committee constitutes a quorum.  
6 The committee shall meet at any place deemed necessary or convenient by  
7 the cochairpersons.

8           D. The committee, in consultation with the office of tourism, may  
9 employ a private group or outside professional to study the economic  
10 development and fiscal and other problems that currently exist or may  
11 exist in the future as a result of the development of a regional sports  
12 authority.

13           E. On request of the committee, an agency of this state or a  
14 political subdivision of this state shall provide the committee with its  
15 services, equipment, documents, personnel and facilities to the extent  
16 possible without cost to the committee.

17           F. On or before June 30, 2022, the committee shall submit a report  
18 of its findings and recommendations to the governor, the president of the  
19 senate and the speaker of the house of representatives and provide a copy  
20 of this report to the secretary of state.

21           G. This section is repealed from and after September 30, 2023.

22           Sec. 30. Exemption; department of public safety; body-worn  
23 cameras; information technology authorization  
24 committee

25           Notwithstanding title 18, chapter 1, Arizona Revised Statutes, and  
26 related administrative rules, the amount appropriated in fiscal year  
27 2021-2022 to the department of public safety for body cameras is exempt  
28 from:

29           1. The requirements relating to review and approval by the  
30 information technology authorization committee.

31           2. Independent third-party validation and verification  
32 requirements.

33           3. Project investment justification reporting requirements.

34           Sec. 31. Exemption from rulemaking; liquor; delivery;  
35 off-sale permits; leases

36           For the purposes of House Bill 2773, fifty-fifth legislature, first  
37 regular session, as transmitted to the governor, the department of liquor  
38 licenses and control is exempt from the rulemaking requirements of title  
39 41, chapter 6, Arizona Revised Statutes, for one year after the effective  
40 date of that act.

41           Sec. 32. Succession; state capitol museum; Arizona  
42 legislative council

43           A. As provided by this act, the Arizona legislative council  
44 succeeds to the authority, powers, duties and responsibilities of the  
45 secretary of state regarding the state capitol museum.

1 B. This act does not alter the effect of any actions that were  
2 taken or impair the valid obligations of the secretary of state regarding  
3 the state capitol museum before the effective date of this act.

4 C. All administrative matters, contracts and judicial and  
5 quasi-judicial actions, whether completed, pending or in process, of the  
6 secretary of state regarding the state capitol museum on the effective  
7 date of this act are transferred to and retain the same status with the  
8 Arizona legislative council.

9 D. All certificates, licenses, registrations, permits and other  
10 indicia of qualification and authority that were issued by the secretary  
11 of state regarding the state capitol museum retain their validity for the  
12 duration of their terms of validity as provided by law.

13 E. All equipment, records, furnishings and other property, all data  
14 and investigative findings, all obligations and all appropriated monies  
15 that remain unexpended and unencumbered on the effective date of this act  
16 of the secretary of state regarding the state capitol museum are  
17 transferred to the Arizona legislative council.

18 F. All personnel who are employed by the secretary of state  
19 regarding the state capitol museum are transferred to comparable positions  
20 in the respective administrative units of the Arizona legislative council  
21 on the effective date of this act.

22 Sec. 33. Permitting dashboard; report

23 On or before December 1, 2023, the director as defined in section  
24 41-2101, Arizona Revised Statutes, as added by this act, shall submit a  
25 report of findings from administering the permitting dashboard, including  
26 authorization completion times by agency, permitting completion times for  
27 participating projects and frequency of statements of cause for additional  
28 authorizations. The director shall submit this report to the governor,  
29 the president of the senate, the speaker of the house of representatives,  
30 and the chairpersons of the senate appropriations committee, the senate  
31 natural resources, energy and water committee, the house of  
32 representatives appropriations committee and the house of representatives  
33 natural resources, energy and water committee, or their successor  
34 committees, and shall provide a copy of this report to the secretary of  
35 state and the joint legislative budget committee.

36 Sec. 34. State permitting director

37 The state permitting director position established by section  
38 41-2102, Arizona Revised Statutes, as added by this act, does not result  
39 in an additional full-time equivalent position. The state permitting  
40 director position is included in the full-time equivalent positions in the  
41 office of the governor as of the effective date of this act.

42 Sec. 35. Effective date

43 Section 38-848.05, Arizona Revised Statutes, as added by this act,  
44 is effective from and after June 30, 2022.

1           Sec. 36. Conditional enactment  
2           Section 5-1318, Arizona Revised Statutes, as amended by this act,  
3 becomes effective on the date prescribed by Laws 2021, chapter 234,  
4 section 4 but only on the occurrence of the condition prescribed by Laws  
5 2021, chapter 234, section 4.