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

State of Arizona
Senate
Fifty-fifth Legislature
First Regular Session
2021

SB 1819

Introduced by
Senators Fann: Borrelli, Gowan, Gray, Leach (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 SECTIONS 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)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 5-110, Arizona Revised Statutes, is amended to read:

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

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

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

C. Live racing and wagering on simulcast races shall be permissible in either daytime or nighttime. Unless otherwise agreed by written contract that is submitted to the department between all the permittees in the same county, there shall be no wagering on simulcast dog races before 4:15 p.m., mountain standard time, on the same day that there is live daytime horse or harness racing in any county in which commercial horse or harness racing has been conducted before February 1, 1971. The hours during which any other harness or horse racing is to be conducted shall be determined by the commission. The application for a permit shall state the exact days on which racing will be held and the time of day during which racing will be conducted.
D. If the commission determines that an emergency has obligated or may obligate a permittee to discontinue racing at a location, the commission may authorize the permittee to transfer racing for the number of days lost to any other location.

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

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

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

H. Notwithstanding any other law, live dog racing shall not be conducted in this state after December 31, 2016. This subsection does not apply to nonprofit organizations that host lure coursing or similar events that test a dog's ability, stamina and breeding or training for such events. Notwithstanding any other provision of this article, any dog racing permittee that offered live dog racing in 2016 or that has offered live dog racing in eight out of ten calendar years from 1980 to 1990 in counties that have a population of less than five hundred thousand persons shall be considered as operating a racetrack enclosure for all purposes under this article and shall not be authorized or required to conduct live racing as a condition of that permittee's racing permit. Any permittee qualified under this subsection may conduct advance deposit wagering, wagering at additional wagering facilities that are owned or leased by that permittee and wagering on telecasts of races conducted at racetrack enclosures within this state or at racetrack enclosures outside this state.
without offering live racing at that permittee's racetrack enclosure. ON
OR BEFORE JANUARY 1, 2023, THE DEPARTMENT SHALL CONVERT THE PERMIT OF A
DOG RACING PERMITTEE UNDER THIS SUBSECTION TO A PERMIT FOR HARNESS RACING
IF THE DOG RACING PERMITTEE MEETS THE QUALIFICATIONS FOR A PERMIT FOR
HARNESS RACING.

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

5-1318. Fees; event wagering fund
A. The department shall establish a fee for the privilege of
operating event wagering. In determining the fee, the department shall
consider the highest percentage of revenue share that an Indian tribe pays
to this state pursuant to the tribal-state gaming compact. The event
wagering operator or designee has the option to choose either the cash
accrual or modified accrual basis method of accounting for purposes of
calculating the amount of the fee owed by the event wagering operator or
designee. The fees required pursuant to this section are due and payable
to the department not later than the twenty-fifth day of the month
following the calendar month in which the adjusted gross event wagering
receipts were received and the obligation was accrued.

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

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

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

35-192. Authorization for declaration of disaster;
authorization for liabilities and expenses;
priorities and limitations; review and report of
expenditures
A. The governor may declare an emergency arising from major
disasters as provided in this section and incur liabilities therefor,
regardless of whether or not the legislature is in session.
B. When the governor, or the director of the division of emergency management in the department of emergency and military affairs pursuant to section 26-303, subsection H, determines that a contingency or disaster so justifies, and declares an emergency, specific liabilities and expenses provided for in this section are authorized to be incurred against and to be paid as claims against the state from unrestricted monies from the general fund to mitigate and meet contingencies and emergencies arising from:

1. Invasions, hostile attacks, riots or insurrections.
2. Epidemics of disease or plagues of insects.
3. Floods or floodwaters.
5. Wildland fires, but only after all necessary authorizations under section 37-1305 are exhausted.

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

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

1. Reimbursement for expenses incurred to combat a menace to the health, lives or property of any considerable number of persons of the state, or to property of the state or its political subdivisions.
2. Reimbursement for expenses incurred to repair damage to any property of the state.
3. Reimbursement for expenses incurred to repair damage to any property of the political subdivisions of the state.
4. Reimbursement for expenses incurred in search or rescue operations.
5. Reimbursement for expenses incurred in emergency or disaster recovery activities or in matching federal disaster recovery programs.
6. Reimbursement for expenses for property loss mitigation measures or to match federal property loss mitigation programs.
E. The auditor of the department of emergency and military affairs shall review liabilities incurred and expenditures made under this section and report to the state emergency council at ninety-day intervals during the emergency and conduct a final review of each emergency within ninety days after the termination of the emergency. The state emergency council shall make a written report not later than September 1 of each year to the legislature of the actions of the state emergency council during the preceding fiscal year, including an itemized statement of expenditures for each emergency during the year. The department of emergency and military affairs shall post the report in a prominent location on the department’s official website.

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

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

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

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

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

5. LIABILITIES IN EXCESS OF $200,000 INCURRED BY THE ARIZONA DEPARTMENT OF FORESTRY AND FIRE MANAGEMENT MAY BE REIMBURSED WITH THE APPROVAL OF THE GOVERNOR OR STATE EMERGENCY COUNCIL. THE REIMBURSEMENT SHALL BE MADE PURSUANT TO RULES ADOPTED PURSUANT TO SECTION 37-1305, SUBSECTION G OR, IF RULES ARE NOT ADOPTED PURSUANT TO SECTION 37-1305, SUBSECTION G, PURSUANT TO RULES ADOPTED PURSUANT TO SUBSECTION G OF THIS SECTION.
5. 6. An obligation of monies under this section may be made only
when one or more of the following conditions exist:
   (a) No appropriation or other authorization is available to meet
   the contingency or emergency.
   (b) An appropriation is insufficient to meet the contingency or
   emergency.
   (c) Federal monies available for such contingency or emergency
   require the use of state or other public monies.

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

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

38-803. Powers and duties of the board; reporting
requirements
A. The board, in the administration, management and operation of
the plan and fund, shall:
   1. Account for the operation, administration and investment
   expenses and allocate them against investment income.
   2. Contract on a fee basis with an actuary to make an actuarial
   valuation of the plan based on the valuation method and valuation
   assumptions recommended by the actuary and approved by the board. The
   actuary shall be a member of the American academy of actuaries.
   3. Contract on a fee basis with an independent auditing firm to
   make an annual audit of the accounting records of the fund and file a copy
   of the audit with the auditor general.
   4. Invest the monies in the fund as provided in article 4 of this
   chapter.
   5. Within a period of six months after the close of each fiscal
   year, submit a detailed report of the operation and the investment
   performance of the plan to the governor, the legislature and the members
   of the plan.
   6. By November 1 of each year provide a preliminary report and by
   December 31 of each year provide a final report to the governor, the
   speaker of the house of representatives and the president of the senate on
   the contribution rate for the ensuing fiscal year.

B. The board, in the administration, management and operation of
the plan and fund, may:
   1. Employ services as it deems necessary.
   2. Either keep invested monies separate or commingle invested
   monies as it deems appropriate.
   3. Delegate authority as it deems necessary and prudent to the
   administrator employed pursuant to section 38-848, subsection M,
   paragraph 6.
4. Do all acts, whether expressly authorized, that are deemed necessary or proper for the protection of the fund.

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

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

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

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

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

D. The board may:

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

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

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

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

F. On receipt of the determination letter and private letter ruling from the internal revenue service, the board shall participate in a competitive bid process at least once every five years to contract with a private person or any qualified company or companies to administer the defined contribution system established under this section.
G. Any contract for a third-party administrator of the defined contribution system shall include competitive fees, quarterly meetings with the public safety personnel retirement system, annual updates to the board on the status of the defined contribution system and quarterly statements to each member. On or before December 31 of each year, the board shall report the status of the defined contribution system to the governor, the president of the senate, the speaker of the house of representatives and the joint legislative budget committee.

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

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

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

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

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

1. Account for the operation, administration and investment expenses and allocate them against investment income.
2. Contract on a fee basis with an actuary to make an actuarial valuation of the program based on the valuation method and valuation assumptions recommended by the actuary and approved by the board. The actuary shall be a member of the American academy of actuaries.
3. Contract on a fee basis with an independent auditing firm to make an annual audit of the accounting records of the EODC disability program trust fund and file a copy of the audit with the auditor general.
4. Invest the monies in the EODC disability program trust fund as provided in article 4 of this chapter.
5. On or before December 31 of each year, submit to the governor, the speaker of the house of representatives and the president of the senate a detailed report of the operation and the investment performance of the program that includes the contribution rate for the ensuing fiscal year.

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

1. Employ services as it deems necessary.
2. Either keep invested monies separate or commingle invested monies as it deems appropriate.
3. Do all acts, whether expressly authorized, that may be deemed necessary or proper for the protection of the EODC disability program trust fund.
4. Determine the rights, benefits or obligations of any person under this article and afford any person dissatisfied with a determination of the person's rights, benefits or obligations under this article with a hearing on the determination.

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

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

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

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

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

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

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

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

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

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

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

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

1. A portfolio manager acting in a fiduciary capacity.

2. A securities analyst.

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

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

5. A current or former professor or instructor at the college or
university level in the field of economics, finance, actuarial science,
accounting or pension-related subjects.
6. An economist.
7. Any other senior executive engaged in the field of public or private finances or with experience with public pension systems.
8. A senior executive in insurance, banking, underwriting, auditing, human resources or risk management.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Invest and reinvest the principal and income of all assets that the board manages without distinction between principal and income.
2. Sell, exchange, convey, transfer or otherwise dispose of any investments made on behalf of the system or other plans the board administers in the name of the system or plans by private contract or at public auction.

3. Also:
   (a) Vote on any stocks, bonds or other securities.
   (b) Give general or special proxies or powers of attorney with or without power of substitution.
   (c) Exercise any conversion privileges, subscription rights or other options and make any payments incidental to the exercise of the conversion privileges, subscription rights or other options.
   (d) Consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities, delegate discretionary powers and pay any assessments or charges in connection therewith.
   (e) Generally exercise any of the powers of an owner with respect to stocks, bonds, securities or other investments held in or owned by the system or other plans whose assets the board administers.

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

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

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

7. Appear before local boards and the courts of this state and political subdivisions of this state through counsel or an appointed representative to protect the fund or the assets of other plans that the board administers. The board is not responsible for the actions or omissions of the local boards under this system but may seek a review or rehearing of actions or omissions of local boards. The board does not have a duty to review actions of the local boards but may do so in its discretion in order to protect the fund. A limitation period does not prohibit the board or administrator from contesting or require the board or administrator to implement or comply with a local board decision that violates the internal revenue code or that threatens to impair the
tax-qualified status of the system or any plan administered by the board or administrator.

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

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

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

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

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

1. A balance sheet.
2. A statement of income and expenditures for the year.
3. A report on an actuarial valuation of its assets and liabilities.
4. A list of investments owned.
5. The total rate of return, yield on cost, and percent of cost to market value of the fund and the assets of other plans that the board administers.
6. Any other statistical and financial data that may be necessary for the proper understanding of the financial condition of the system and other plans that the board administers and the results of their operations. A synopsis of the annual report shall be published for the information of members of the system, the elected officials' retirement plan or the corrections officer retirement plan.

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

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

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

   (a) Department of liquor licenses and control.
(b) Department of public safety.
(c) Northern Arizona university.
(d) University of Arizona.
(e) Arizona state university.
(f) Arizona game and fish department.
(g) Department of law.
(h) Department of emergency and military affairs.
(i) Arizona state parks board.

10. An estimate of the employer contribution rates for the next ten fiscal years for each of the following employers within the corrections officer retirement plan:
   (a) State department of corrections.
   (b) Department of public safety.
   (c) The judiciary.
   (d) Department of juvenile corrections.

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

M. The board shall:
1. Maintain the accounts of the system and other plans that the board administers and issue statements to each employer annually and to each member who requests a statement.
2. Report the results of the actuarial valuations to the local boards and employers.
3. Contract on a fee basis with an independent investment counsel to advise the board in the investment management of the fund and assets of other plans that the board administers and with an independent auditing firm to audit the board's accounting.
4. Permit the auditor general to make an annual audit and transmit the results to the governor and the legislature.
5. Contract on a fee basis with an actuary who shall make actuarial valuations of the system and other plans that the board administers, be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of the system, the elected officials' retirement plan, the corrections officer retirement plan and the public safety cancer insurance policy program and perform other duties required in connection therewith. The actuary must be a member of a nationally recognized association or society of actuaries.
6. Employ, as administrator, a person, state department or other body to serve at the pleasure of the board.
7. Establish procedures and guidelines for contracts with actuaries, auditors, investment counsel and legal counsel and for safeguarding of securities.

N. The administrator, under the direction of the board, shall:
1. Administer this article.
2. Be responsible for the recruitment, hiring and day-to-day management of employees.

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

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

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

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

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

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

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

P. The board, the administrator, the deputy or assistant administrators and all persons employed by them are subject to title 41, chapter 4, article 4. The administrator, deputy or assistant administrators and other employees of the board are entitled to receive compensation pursuant to section 38-611.
Q. In consultation with the director of the department of administration, the board may enter into employment agreements and establish the terms of those agreements with persons holding any of the following system positions:

1. Administrator.
2. Deputy or assistant administrator.
3. Chief investment officer.
4. Deputy chief investment officer.
5. Fiduciary or investment counsel.

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

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

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

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

V. Financial or commercial information that is provided to the board, employees of the board and attorneys of the board in connection with investments in which the board has invested or investments the board has considered for investment is confidential, proprietary and not a public record if the information is information that would customarily not
be released to the public by the person or entity from whom the information was obtained.

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

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

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

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

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

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

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

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

38-848.03. Appointed investment management

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

1. The highest professional and fiduciary recommendations.
2. Not less than three years' experience at handling institutional investments of at least two hundred fifty million dollars $250,000,000. This paragraph is satisfied if investment management, the individual
retained by investment management or individual employees in a firm of
investment managers meet this requirement.
3. Had responsibility for investment decision making as an
insurance company investment fund, an investment division of a bank, a
mutual fund, an investment organization or institution, a pension fund or
an investment adviser who is designated as a chartered financial analyst
by the chartered financial analyst institute.

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

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

D. Investment management appointed by the board:
1. May purchase and sell in the name of the system and other plans
that the board administers any of the securities and investments held by
the system or plans.
2. Subject to any restrictions imposed by the board, is responsible
for making all investment decisions relating to the investments the board
has assigned investment management to manage.

E. Investment management shall not directly or indirectly:
1. Except for the fees agreed to be paid by the board to investment
management or as otherwise agreed by the board, have any interest in the
investments being managed by investment management for the board.
2. Borrow monies, funds or deposits of the system or other plans
that the board administers or use these monies in any manner except as
directed under this article.
3. Be an endorser, surety or obligor on investments made under this
article.

F. Subject to the limitations in this article, the board may
authorize the administrator, chief investment officer and other in-house
investment professionals employed by the board to make discretionary
investments for the system and other plans or trusts that the board
administers that do not exceed fifty percent of the assets of the
system and other plans or trusts measured at cost.

G. To exercise the INVESTMENT responsibilities prescribed in this
article, the board may enter into CONTRACTS TO RECEIVE MARKET DATA AND
OTHER MARKET INFORMATION FROM SECURITIES, COMMODITIES, OPTIONS AND
MONETARY EXCHANGES. THESE contracts that may be interpreted and enforced
under the laws of a jurisdiction other than this state and that are not
subject to section 35-214 or 38-511 or title 41, chapter 23.
Sec. 10. Title 38, chapter 5, article 4, Arizona Revised Statutes, is amended by adding section 38-848.05, to read:

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

A. The board shall establish and administer an administration account consisting of all monies for administrative purposes for all retirement plans and systems administered by the board. The following monies shall be deposited in the administration account:

1. All monies appropriated by the legislature to pay administrative expenses of all retirement plans and systems administered by the board.
2. All monies received for proportionate shares of administrative expenses from departments that pay the salaries of their officers and employees wholly or in part from monies received from sources other than appropriations from the state general fund.
3. All monies received for proportionate shares of administrative expenses from participating employers paying employer contributions.
4. Monies that the administrator transfers from the investment account and that are necessary to pay expenditures made pursuant to subsections C and D of this section.

B. Except as provided in subsection C of this section, expenditures from the administration account shall be made in accordance with board directives, subject to legislative appropriation.

C. Expenditures for the following are continuously appropriated and shall be paid from the administration account in the amount deemed necessary by the board:

1. Investment management fees and related consulting fees necessary to meet the board’s investment objectives.
2. Rent.
3. Actuarial consulting fees.

D. With the approval of the board, the administrator:

1. May spend monies from the administration account for staff, expenses and related consulting fees necessary to implement this article.
2. Shall pay from the administration account the cost of continuing education programs for the board and the cost of legal counsel.

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

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

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

B. The purpose of this article is to provide a defined contribution plan that is fully funded on a current basis from employer and participant contributions.
C. The legislature intends that the defined contribution plan for participants under this article be designed to be a qualified governmental plan under section 401(a) of the internal revenue code, as amended, or successor provisions of law, and be exempt from taxation under section 501 of the internal revenue code. The board may adopt any additional provision to the defined contribution plan that is necessary to fulfill this intent. Consistent with this intent, the board may submit to the internal revenue service a request for a determination letter that the defined contribution plan is a plan qualified under section 401(a) of the internal revenue code and a private letter ruling that all participant contributions that are picked up by the employer as provided in section 38-867 shall be treated as employer contributions pursuant to section 414(h) of the internal revenue code.

D. The board shall:

1. Enter into a contract with a provider or providers to provide retirement plan investments, plan administration and services to participants in the defined contribution plan. The plan shall provide for appropriate long-term retirement-oriented investments and shall include both fixed and variable deferred annuity options. The board shall consider all of the following when determining a company with which to contract:
   (a) The financial stability of the company and the ability of the company to provide the contracted rights and benefits to the participants.
   (b) The cost of the investments, plan administration and services to the participants.
   (c) The experience of the company in providing defined contribution retirement plans in lieu of defined benefit plan participation to public employees.
   (d) The experience of the company in paying retirement income to public employees.
   (e) The experience of the company in providing plan education, counseling and advice to participants in public employee retirement plans that are offered in lieu of state defined benefit plan participation.

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

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

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

E. The board may:

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

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

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

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

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

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

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

A. The board shall:

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

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

3. Employ on a fee basis an independent firm of actuaries to perform annual actuarial valuations for each participating employer of the plan and fund based on an actuarial cost method and actuarial assumptions recommended by the actuary and adopted by the board. The actuarial valuations shall be performed by or under the direct supervision of an
actuary who is a member of the American academy of actuaries. By
November 1 of each year, the board shall provide a preliminary report and
by December 31 of each year provide a final report to the governor, the
speaker of the house of representatives and the president of the senate on
the contribution rate for the ensuing fiscal year.

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

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

B. The board of trustees may:
1. Employ services it deems necessary, including legal services,
for the operation and administration of the plan and fund.
2. Utilize separate or commingled investment vehicles.
3. Delegate authority to the administrator employed pursuant to
section 38-848, subsection M, paragraph 6.
4. Appear before local boards and the courts and political
subdivisions of this state through counsel or appointed representatives to
protect the fund. The board of trustees is not responsible for the
actions or omissions of the local boards under this plan but may seek
review or a rehearing of actions or omissions of local boards. The board
of trustees does not have a duty to review actions of the local boards but
may do so, in its discretion, in order to protect the fund.
5. Perform all acts, whether or not expressly authorized, that it
deems necessary and proper for the protection of the plan and fund.

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

41-121.02. Department of state
A. There is established The department of state, which IS
ESTABLISHED AND shall be composed of the office of the secretary of state.
B. The secretary of state shall have charge of and direct the
department of state.
C. Except as otherwise provided by law, employees of the department
are subject to chapter 4, article 4 and, as applicable, articles 5 and 6
of this title.
D. Purchases and contracts for goods and services IN THE AMOUNT OF
$150,000 OR LESS THAT ARE entered into by the Arizona state library,
archives and public records are exempt from chapter 23 of this title.
E. The Arizona state library, archives and public records is exempt
from chapter 6 of this title.
Sec. 14. Section 41-714, Arizona Revised Statutes, is amended to read:

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

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

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

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

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

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

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

1. Make, amend or repeal a final rule.

2. Review an existing agency practice or substantive policy statement that the petitioner alleges to constitute a rule.

B. An agency shall prescribe the form of the petition and the procedures for the petition's submission, consideration and disposition. The person shall state on the petition the rulemaking to review or the agency practice or substantive policy statement to consider revising, repealing or making into a rule.
C. Not later than sixty days after submission of the petition, the agency shall either:
   1. Reject the petition and state its reasons in writing for rejection to the petitioner.
   2. Initiate rulemaking proceedings in accordance with this chapter.
   3. If otherwise lawful, make a rule.
   D. The agency's response to the petition is open to public inspection.
   E. If an agency rejects a petition pursuant to subsection C of this section, the petitioner has thirty days to appeal to the council to review whether the existing agency practice or substantive policy statement constitutes a rule. The council chairperson shall place this appeal on the agenda of the council's next meeting if at least three council members make such a request of the council chairperson within two weeks after the filing of the appeal.
   F. A person may petition the council to request a review of a final rule based on the person's belief that the final rule does not meet the requirements prescribed in section 41-1030.
   G. A person may petition the council to request a review of an existing agency practice, substantive policy statement, final rule or regulatory licensing requirement that the petitioner alleges is not specifically authorized by statute, is unduly burdensome or is not demonstrated to be necessary to specifically fulfill a public health, safety or welfare concern. On receipt of a properly submitted petition pursuant to this section, the council shall review the existing agency practice, substantive policy statement, final rule or regulatory licensing requirement as prescribed by this section. This subsection does not apply to an individual or institution that is subject to title 36, chapter 4, article 10 or chapter 20.
   H. If the council receives information contained in the petition that indicates how an existing agency practice or substantive policy statement may constitute a rule, that a final rule does not meet the requirements prescribed in section 41-1030 or that an existing agency practice, substantive policy statement, final rule or regulatory licensing requirement does not meet the guidelines prescribed in subsection G of this section and at least four council members request of the chairperson that the matter be heard in a public meeting:
      1. Within ninety days after receipt of the fourth council member's request, the council shall determine whether ANY OF THE FOLLOWING APPLIES:
         (a) The agency practice or substantive policy statement constitutes a rule.
         (b) The final rule meets the requirements prescribed in section 41-1030.
(c) An existing agency practice, substantive policy statement, final rule or regulatory licensing requirement meets the guidelines prescribed in subsection G of this section.

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

3. Not later than thirty days after receiving notice from the council, the agency shall submit a statement to the council that addresses whether ANY OF THE FOLLOWING APPLIES:
   (a) The existing agency practice, substantive policy statement constitutes a rule.
   (b) The final rule meets the requirements prescribed in section 41-1030.
   (c) An existing agency practice, substantive policy statement, final rule or regulatory licensing requirement meets the guidelines prescribed in subsection G of this section.

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

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

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

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

M. Each agency and the secretary of state shall post prominently on their websites notice of an individual's right to petition the council for review pursuant to this section.
Sec. 16. Section 41-1277, Arizona Revised Statutes, is amended to read:

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

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

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

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

1. The statewide aggregate level of outstanding principal and the principal and interest payments, by type of debt or obligation. The report shall be based on data available from the searchable database required by section 18-304.
2. An itemization, by budget unit, of the original due date of each deferred payment for deferred rollover payment obligations, the amount of interest paid to date due to the deferral and the amount of yearly interest to be paid in the most recent and the next fiscal year due to the deferral.
3. Information on per capita state debt and obligations.
4. Information on the ten-year history of state debt and obligations based on available data.

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

D. For the purposes of this section:

1. "Deferred rollover payment obligation" means an obligation to make a payment in a fiscal year that was due in and deferred from a previous fiscal year.
2. "State debt and obligations" means debt and obligations for which the principal or interest is paid with state funds.

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

41-1306. State capitol museum; management

The director of the Arizona Legislative Council shall direct and manage the State Capitol Museum.
Sec. 18. Section 41-151.24, Arizona Revised Statutes, is transferred and renumbered for placement in title 41, chapter 8, article 1, Arizona Revised Statutes, as section 41-1307 and, as so renumbered, is amended to read:

41-1307. Museum gift shop revolving fund; exemption

A. The museum gift shop revolving fund is established consisting of gift shop proceeds received from the sale of goods, gifts, nonfederal grants and donations. The director of the Arizona Legislative Council shall administer the fund. Monies in the fund are continuously appropriated. The director shall use the monies in the fund to provide to the public goods for sale that are reflective of the themes of the state capitol museum and this state.

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

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

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

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

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

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

1. The maintenance, repair, reconditioning or relocation of monuments or memorials. and for
2. Supporting mechanical equipment in the governmental mall.

C. The department shall separately account for monies to a specific monument or memorial that is dedicated to this state for maintaining, repairing, reconditioning or relocating that monument or memorial as follows:

1. Monies that are donated for the benefit of the specific monument or memorial.
2. Monies that are derived from fund-raising activities and that are collected for the benefit of a specific monument or memorial.
3. Monies that are collected and deposited pursuant to subsection A, paragraph 3 of this section.
D. On or before November 1 of each year, the department of administration shall submit to the joint legislative budget committee a report that accounts for all monies deposited in the fund. The report shall include the sources of the monies received for deposit, by category, and the purposes for which the monies were used during the preceding fiscal year.

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

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

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

41-1506.02. Major events fund; purpose; report

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

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

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

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

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

C. THE AUTHORITY SHALL SUBMIT A SEMIANNUAL REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE ON OR BEFORE JULY 15 AND DECEMBER 15 OF EACH YEAR. EACH REPORT SHALL INCLUDE, AT A MINIMUM, THE AMOUNT OF ACTUAL EXPENDITURES FROM THE FUND BY PURPOSE AND AN EXPENDITURE PLAN FOR ALL REMAINING MONIES BY PURPOSE.
Sec. 21. Title 41, Arizona Revised Statutes, is amended by adding chapter 16, to read:

CHAPTER 16

STATE PERMITTING DASHBOARD

ARTICLE 1. GENERAL PROVISIONS

41-2101. Definitions
IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "AGENCY":
   (a) MEANS ANY EXECUTIVE DEPARTMENT OF THIS STATE.
   (b) DOES NOT INCLUDE THE CORPORATION COMMISSION.

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

3. "DIRECTOR" MEANS THE STATE PERMITTING DIRECTOR.

4. "ELIGIBLE PROJECT" MEANS AN ACTIVITY IN THIS STATE THAT REQUIRES AUTHORIZATION BY AN AGENCY, THAT INVOLVES INFRASTRUCTURE CONSTRUCTION FOR RENEWABLE OR CONVENTIONAL ENERGY PRODUCTION, ELECTRICITY TRANSMISSION, MINING, LAND REVITALIZATION, SURFACE TRANSPORTATION, AVIATION, WATER RESOURCE PROJECTS, WASTEWATER PROJECTS, BROADBAND, PIPELINES OR MANUFACTURING OR ANY OTHER ACTIVITY AS DETERMINED BY THE DIRECTOR AND THAT MEETS BOTH OF THE FOLLOWING:
   (a) IS SUBJECT TO APPLICABLE STATE ENVIRONMENTAL LAWS, PERMITTING REGULATIONS AND OTHER RELEVANT GOVERNMENT AUTHORIZATIONS, THE SIZE AND COMPLEXITY OF WHICH WILL MAKE THE ELIGIBLE PROJECT BENEFIT FROM ENHANCED OVERSIGHT AND COORDINATION.
   (b) REQUIRES A TOTAL CONSTRUCTION INVESTMENT OF MORE THAN $25,000,000, OR IF THE TOTAL CONSTRUCTION INVESTMENT IS LESS THAN $25,000,000, THE DIRECTOR FINDS THAT OTHER FACTORS MAKE ENHANCED OVERSIGHT AND COORDINATION BENEFICIAL TO THE ELIGIBLE PROJECT.

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

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

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

41-2102. State permitting director
A. THE GOVERNOR SHALL APPOINT A STATE PERMITTING DIRECTOR TO IMPLEMENT THIS CHAPTER.

41-2103. Participating projects: notice: agency designation

A. A project sponsor of an eligible project may submit to the director a notice that the project sponsor is initiating a proposed project. Each notice shall include all of the following:

1. A statement of the purposes and objectives of the proposed project.
2. A project description with geographic information, including the location of the proposed project and geospatial information.
3. A statement regarding the technical and financial ability of the project sponsor to construct the proposed project.
4. A list of agencies that may require authorizations for completion of the proposed project.
5. A statement of any authorization that is anticipated to be required to complete the proposed project.
6. An assessment that the proposed project meets the definition of an eligible project under this chapter and a statement of reasons supporting the assessment.

B. Not later than thirty days after receiving the notice specified in subsection A of this section, the director shall determine whether the proposed project qualifies as an eligible project and whether to include the proposed project as a participating project.

C. Not later than forty-five days after the date of the determination made in subsection B of this section, each agency identified by the project sponsor shall submit to the director all anticipated authorizations required for each participating project, including both of the following:

1. The steps required by the project sponsor and the agency to complete each authorization.
2. The target completion time for each step.

D. If an agency requires an authorization to complete a participating project that was not submitted pursuant to subsection C of this section, the agency shall provide to the director a written statement of cause for the additional authorization.

E. Each agency identified by the project sponsor shall notify the director regarding any decision made that materially affects the status of a participating project and shall submit any significant document associated with the decision as allowed by state and federal law.

F. An agency may not require an eligible project to participate in the permitting dashboard.

41-2104. Permitting dashboard: permitting timetable

A. The director shall establish and maintain an online database to be known as the permitting dashboard that displays the progress to completion for state authorizations for participating projects. The permitting dashboard must include a visual interface that tracks the status of each authorization required for participating projects.
B. The Director shall coordinate with the Department of Environmental Quality, Department of Transportation, State Land Department, Department of Water Resources, Arizona Commerce Authority, Arizona Game and Fish Department and State Historic Preservation Office and any other agency that requires authorization for a participating project.

C. For each participating project that is added to the permitting dashboard, the Director may display on the permitting dashboard, to the extent consistent with applicable law, all of the following:

1. The notice submitted under Section 41-2103, Subsection A.
2. The application and supporting documents, if applicable, that the project sponsor has submitted for any required authorization or a notice explaining how the public may obtain access to the documents if the documents are not available on the website.
3. A description of any decision made that materially affects the status of a participating project.
4. A list of roles and responsibilities for all entities with authorization responsibility for the participating project.
5. A permitting timetable that sets forth a comprehensive schedule of dates by which all authorizations and, to the maximum extent practicable, state permits, reviews and approvals will be made.
6. The completion status of the authorization included in the permitting timetable.

41-2105. State and local government coordination

To integrate authorizations, each agency, to the maximum extent practicable, shall carry out its obligations with respect to a participating project under any other applicable law concurrently and in conjunction with other authorizations being conducted by other agencies or local governments unless the agency determines that doing so would impair the agency’s ability to carry out its statutory obligations.

41-2106. Dispute resolution; governor’s regulatory review council; rules

A. The Director, in consultation with the project sponsor and any relevant agency, as necessary, shall mediate any dispute related to the permitting timetable.

B. If a resolution for a dispute is not reached pursuant to Subsection A of this section, the Director shall notify the Governor’s Regulatory Review Council and review the dispute with the directors of the relevant agency. Within thirty days after the Director notifies the Governor’s Regulatory Review Council of the dispute, the Governor’s Regulatory Review Council shall recommend a course of action to the Director, and the Director may require agency action to resolve the dispute.

C. The Governor’s Regulatory Review Council may adopt rules regarding the implementation of this section.
Sec. 22. **Delayed repeal**

Title 41, chapter 16, Arizona Revised Statutes, as added by this act, is repealed from and after December 31, 2028.

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

41-2501. **Applicability**

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

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

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

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

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

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

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

H. The Arizona health care cost containment system administration is exempt from this chapter for provider contracts pursuant to section 36-2904, subsection A and contracts for goods and services, including program contractor contracts pursuant to title 36, chapter 29, articles 2
and 3 and contracts with regional behavioral health authorities pursuant to title 36, chapter 34. All other procurement, including contracts for the statewide administrator of the program pursuant to section 36-2903, subsection B, shall be as prescribed by this chapter.

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

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

1. All items of construction, reconstruction, rehabilitation, preservation or improvement undertaken on highway infrastructure.
2. Engineering services and any other work or activity to carry out engineering services related to highway infrastructure.
3. Right-of-way services related to land titles, appraisals, real property acquisitions, relocation services, property management and facility design.
4. Any other construction, reconstruction, rehabilitation, preservation or improvement work or activity that is required pursuant to title 28, chapter 20.

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

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

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

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

O. Agreements negotiated by legal counsel representing this state in settlement of litigation or threatened litigation are exempt from this chapter.
This chapter is not applicable to contracts entered into by the department of economic security:

1. With a provider licensed or certified by an agency of this state to provide child day care services.
2. With area agencies on aging created pursuant to the older Americans act of 1965 (P.L. 89-73; 79 Stat. 218; 42 United States Code sections 3001 through 3058ff).
3. For services pursuant to title 36, chapter 29, article 2.
4. With an eligible entity as defined by Public Law 105-285, section 673(1)(A)(i), as amended, for designated community services block grant program monies and any other monies given to the eligible entity that accomplishes the purpose of Public Law 105-285, section 672.

Q. The Arizona health care cost containment system may not require that persons with whom it contracts follow this chapter for the purposes of subcontracts entered into for the provision of the following:
1. Mental health services pursuant to section 36-189, subsection B.
2. Services for the seriously mentally ill pursuant to title 36, chapter 5, article 10.
3. Drug and alcohol services pursuant to section 36-141.
R. The department of health services may not require that persons with whom it contracts follow this chapter for the purpose of subcontracts entered into for the provision of domestic violence services pursuant to title 36, chapter 30, article 1.
S. The department of health services is exempt from this chapter for contracts for services of physicians at the Arizona state hospital.
T. Contracts for goods and services approved by the board of trustees of the public safety personnel retirement system are exempt from this chapter.

U. The Arizona department of agriculture is exempt from this chapter with respect to contracts for private labor and equipment to effect cotton or cotton stubble plow-up pursuant to rules adopted under title 3, chapter 2, article 1.
V. The Arizona state parks board is exempt from this chapter for purchases of guest supplies and items for resale such as food, linens, gift items, sundries, furniture, china, glassware and utensils for the facilities located in the Tonto natural bridge state park.
W. The Arizona state parks board is exempt from this chapter for the purchase, production, promotion, distribution and sale of publications, souvenirs and sundry items obtained and produced for resale.
X. The Arizona state schools for the deaf and the blind are exempt from this chapter for the purchase of textbooks and when purchasing products through a cooperative that is organized and operates in accordance with state law if such products are not available on a statewide contract and are related to the operation of the schools or are
products for which special discounts are offered for educational institutions.

XX. Expenditures of monies in the morale, welfare and recreational fund established by section 26-153 are exempt from this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LL. KK. This chapter does not apply to contracts entered into by the department of child safety:
   1. With a provider of family foster care pursuant to section 8-503.
   2. With an eligible entity as defined by Public Law 105-285, section 673(1)(A)(i), as amended, for designated community services block grant program monies and any other monies given to the eligible entity that accomplishes the purpose of Public Law 105-285, section 672.
   3. For services pursuant to title 36, chapter 29, article 1 and as set forth in the approved medicaid state plan.

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 27. Budget stabilization fund; exceptions

Notwithstanding section 35-144, Arizona Revised Statutes, for fiscal
years 2021-2022, 2022-2023 and 2023-2024 the legislature is not required
to appropriate monies to or transfer monies from the budget stabilization
fund.
Sec. 28.  **COVID-related expenditures; reporting requirements; intent**

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

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

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

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

E. Before spending monies from the higher education emergency relief fund as appropriated by section 2003 of the American rescue plan act of 2021 (P.L. 117-2) in the amount of $10,000,000 or more for one designated purpose, the Arizona board of regents shall report to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee the intended use of the monies by Arizona state university, the university of Arizona, and northern Arizona university.
F. Within thirty days after the last day of each calendar quarter through June 30, 2024, the Arizona board of regents shall report to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee the actual expenditure of monies from the higher education emergency relief fund as appropriated by section 2003 of the American rescue plan act of 2021 (P.L. 117-2) by Arizona state university, the university of Arizona, and northern Arizona university.

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

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

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

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

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

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

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

4. Three public members who are appointed by the president of the senate and who are knowledgeable about regional sports authorities, economic development and fiscal and other problems that currently exist or may exist in the future as a result of the development of a regional sports authority.
5. One member who is appointed by the governor.

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

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

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

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

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

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

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

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

1. The requirements relating to review and approval by the information technology authorization committee.
2. Independent third-party validation and verification requirements.
3. Project investment justification reporting requirements.

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

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

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

A. As provided by this act, the Arizona legislative council succeeds to the authority, powers, duties and responsibilities of the secretary of state regarding the state capitol museum.
B. This act does not alter the effect of any actions that were taken or impair the valid obligations of the secretary of state regarding the state capitol museum before the effective date of this act.

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

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

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

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

Sec. 33. Permitting dashboard; report

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

Sec. 34. State permitting director

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

Sec. 35. Effective date

Section 38-848.05, Arizona Revised Statutes, as added by this act, is effective from and after June 30, 2022.
Sec. 36. Conditional enactment

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