transportation; 2022-2023.

State of Arizona Senate Fifty-fifth Legislature Second Regular Session 2022

SENATE BILL 1739

AN ACT

AMENDING TITLE 12, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 12-102.04; AMENDING TITLE 17, CHAPTER 2, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 17-274 AND 17-275; AMENDING TITLE 28, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-339; AMENDING SECTIONS 28-472, 28-6951 AND 28-7006, ARIZONA REVISED STATUTES; RELATING TO TRANSPORTATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Title 12, chapter 1, article 1, Arizona Revised Statutes, is amended by adding section 12-102.04, to read:

12-102.04. Fleet management; vehicle replacement rate; state court fleet operations and replacement fund; exemption

- A. THE SUPREME COURT MAY LEASE OR PURCHASE MOTOR VEHICLES FOR USE BY COURT PERSONNEL IN CONDUCTING BUSINESS ACTIVITIES IN FURTHERANCE OF THE SUPREME COURT'S ADMINISTRATIVE SUPERVISION OVER ALL COURTS OF THIS STATE, INCLUDING THE PROVISION OF ADULT AND JUVENILE PROBATION SERVICES. THE SUPREME COURT IS EXEMPT FROM TITLE 38, CHAPTER 3, ARTICLE 10 RELATING TO VEHICLE MARKINGS.
- B. THE SUPREME COURT SHALL RECOVER ALL COSTS FOR FLEET OPERATION SERVICES. THE SUPREME COURT SHALL PAY FROM AVAILABLE MONIES THE COST OF FLEET OPERATION SERVICES AND REPLACEMENTS AT A RATE THAT IS SIMILAR TO THE RATE ESTABLISHED BY THE DIRECTOR OF THE DEPARTMENT OF TRANSPORTATION PURSUANT TO SECTION 28-472, SUBSECTION E, INCLUDING A SEPARATE VEHICLE REPLACEMENT RATE FOR MOTOR VEHICLE REPLACEMENTS. THE SUPREME COURT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, MONIES RECEIVED FOR FLEET OPERATION SERVICES AND VEHICLE REPLACEMENT IN THE STATE COURT FLEET OPERATIONS AND REPLACEMENT FUND ESTABLISHED BY SUBSECTION C OF THIS SECTION.
- C. THE STATE COURT FLEET OPERATIONS AND REPLACEMENT FUND IS ESTABLISHED CONSISTING OF THE PROCEEDS FROM SALES OF THE SUPREME COURT'S SURPLUS MOTOR VEHICLES, MONIES RECEIVED PURSUANT TO SUBSECTION B OF THIS SECTION AND LEGISLATIVE APPROPRIATIONS. THE FUND IS A SPECIAL STATE FUND PURSUANT TO SECTION 35-142, SUBSECTION A, PARAGRAPH 8. THE SUPREME COURT SHALL ADMINISTER THE FUND. MONIES IN THE FUND DO NOT REVERT TO THE STATE GENERAL FUND, ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.
- Sec. 2. Title 17, chapter 2, article 4, Arizona Revised Statutes, is amended by adding sections 17-274 and 17-275, to read:

17-274. Arizona game and fish department fleet vehicle replacement fund

- A. THE ARIZONA GAME AND FISH DEPARTMENT FLEET VEHICLE REPLACEMENT FUND IS ESTABLISHED CONSISTING OF REVENUES RECEIVED FROM THE FEES CHARGED TO THE DEPARTMENT FOR HAVING VEHICLES IN THE STATE MOTOR VEHICLE FLEET.
- B. THE PURPOSE OF THE FUND IS TO ACQUIRE AND REPLACE DEPARTMENT VEHICLES AND EQUIPMENT. THE DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED.

17-275. Arizona game and fish department fleet operations fund

A. THE ARIZONA GAME AND FISH DEPARTMENT FLEET OPERATIONS FUND IS ESTABLISHED CONSISTING OF REVENUES RECEIVED FROM THE FEES CHARGED TO THE DEPARTMENT FOR HAVING VEHICLES IN THE STATE MOTOR VEHICLE FLEET.

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B. THE PURPOSE OF THE FUND IS TO MAINTAIN AND OPERATE THE STATE MOTOR VEHICLE FLEET. THE DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED.
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Sec. 3. Title 28, chapter 2, article 2, Arizona Revised Statutes, is amended by adding section 28-339, to read:

28-339. <u>State match advantage for rural transportation fund;</u> <u>allocation of monies; definitions</u>

- A. THE STATE MATCH ADVANTAGE FOR RURAL TRANSPORTATION FUND IS ESTABLISHED. THE DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED. THE FUND CONSISTS OF THE FOLLOWING:
 - 1. MONIES APPROPRIATED BY THE LEGISLATURE.
- 2. ANY NONFEDERAL GIFTS, GRANTS, DONATIONS OR OTHER AMOUNTS RECEIVED FROM ANY PUBLIC OR PRIVATE SOURCE FOR TRANSPORTATION PROJECTS.
- B. 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. THE DEPARTMENT MAY ESTABLISH ANY SUBACCOUNT IN THE FUND THAT THE DEPARTMENT DETERMINES IS NECESSARY TO CARRY OUT THE PURPOSES OF THIS SECTION.
- D. THE BOARD MAY NOT APPROVE ANY EXPENDITURES FROM THE FUND UNLESS THE EXPENDITURE IS MADE IN ACCORDANCE WITH THIS SECTION.
 - E. MONIES IN THE FUND SHALL BE USED ONLY FOR THE FOLLOWING:
- 1. TO REIMBURSE UP TO FIFTY PERCENT OF THE COSTS ASSOCIATED WITH DEVELOPING AND SUBMITTING AN APPLICATION FOR A FEDERAL GRANT.
 - 2. AS A MATCH FOR A FEDERAL GRANT.
- 3. TO REIMBURSE DESIGN AND OTHER ENGINEERING SERVICES EXPENDITURES THAT MEET FEDERAL STANDARDS FOR PROJECTS ELIGIBLE FOR A FEDERAL GRANT.
- F. EXCEPT AS PROVIDED IN SUBSECTION G OF THIS SECTION, MONIES IN THE FUND SHALL BE ALLOCATED AS FOLLOWS:
- 1. TWENTY PERCENT TO COUNTIES WITH A POPULATION OF ONE HUNDRED THOUSAND PERSONS OR MORE FOR USES DESCRIBED IN SUBSECTION E, PARAGRAPHS 2 AND 3 OF THIS SECTION.
- 2. TWENTY PERCENT TO COUNTIES WITH A POPULATION OF LESS THAN ONE HUNDRED THOUSAND PERSONS FOR USES DESCRIBED IN SUBSECTION E OF THIS SECTION.
- 3. TWENTY PERCENT TO MUNICIPALITIES WITH A POPULATION OF TEN THOUSAND PERSONS OR MORE FOR USES DESCRIBED IN SUBSECTION E, PARAGRAPHS 2 AND 3 OF THIS SECTION.
- 4. TWENTY PERCENT TO MUNICIPALITIES WITH A POPULATION OF LESS THAN TEN THOUSAND PERSONS FOR USES DESCRIBED IN SUBSECTION E OF THIS SECTION.
- 5. EXCEPT AS PROVIDED IN SUBSECTION L OF THIS SECTION, TWENTY PERCENT TO THE DEPARTMENT FOR USES DESCRIBED IN SUBSECTION E, PARAGRAPHS 2 AND 3 OF THIS SECTION.
- G. A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS IS NOT ELIGIBLE FOR FUNDING PURSUANT TO SUBSECTION F, PARAGRAPH 1 OF THIS

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SECTION. A MUNICIPALITY ENTIRELY LOCATED IN AN URBANIZED AREA OF A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS IS NOT ELIGIBLE FOR FUNDING PURSUANT TO SUBSECTION F, PARAGRAPH 3 OR 4 OF THIS SECTION. THE DEPARTMENT MAY NOT USE MONIES PURSUANT TO SUBSECTION F, PARAGRAPH 5 OF THIS SECTION FOR PROJECTS THAT ARE LOCATED IN AN URBANIZED AREA OF A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS.

- H. A POLITICAL SUBDIVISION OF THIS STATE SHALL SUBMIT AN APPLICATION TO THE DEPARTMENT TO BE ELIGIBLE FOR AN AWARD FROM THE FUND. A POLITICAL SUBDIVISION OF THIS STATE MUST FIRST OBTAIN THE APPROVAL OF THE APPLICABLE METROPOLITAN PLANNING ORGANIZATION OR COUNCIL OF GOVERNMENTS BEFORE SUBMITTING AN APPLICATION TO THE DEPARTMENT. THE DEPARTMENT MAY ESTABLISH AN APPLICATION DEADLINE FOR EACH FEDERAL GRANT MATCH
- I. ON RECEIPT OF AN APPLICATION, THE DEPARTMENT SHALL DETERMINE IF THE REQUIREMENTS OF THE NOTICE OF FUNDING OPPORTUNITY ARE MET AND IF THE APPROVAL REQUIRED UNDER SUBSECTION H OF THIS SECTION IS GRANTED. IF THE DEPARTMENT DETERMINES THAT THE APPLICATION MEETS THE REQUIREMENTS AND IS COMPLETE, THE DEPARTMENT SHALL FORWARD THE APPLICATION TO THE DEPARTMENTAL COMMITTEE ESTABLISHED PURSUANT TO SECTION 28-6951 FOR A RECOMMENDATION. IF A RECOMMENDATION IS MADE, THE DEPARTMENT SHALL NOTIFY THE CHAIRPERSON OF THE BOARD THAT THE APPLICATION IS READY FOR CONSIDERATION AND ACTION BY THE BOARD.
- J. ONCE NOTIFIED PURSUANT TO SUBSECTION I OF THIS SECTION, THE CHAIRPERSON OF THE BOARD SHALL PLACE THE APPLICATION ON AN AGENDA FOR ACTION WITHIN FORTY-FIVE DAYS AFTER ORIGINAL RECEIPT OF THE NOTIFICATION. THE BOARD MAY GIVE PREFERENCE TO APPLICANTS THAT CAN DEMONSTRATE EITHER OR BOTH OF THE FOLLOWING:
 - 1. THE PERCENTAGE OF MATCHING MONIES PROVIDED BY THE APPLICANT.
- 2. THE EXTENT THAT THE APPLICANT WILL PARTNER WITH OTHER ENTITIES TO DELIVER THE PROJECT.
- K. THE BOARD MAY APPROVE, DENY, MODIFY OR REQUEST MORE INFORMATION ON THE APPLICATION. IF THE BOARD APPROVES AN AWARD, THE DEPARTMENT SHALL EXECUTE AN INTERGOVERNMENTAL AGREEMENT WITH THE APPLICANT REGARDING REIMBURSEMENT AND EXPENDITURES PURSUANT TO SUBSECTION E OF THIS SECTION.
- L. ON THE DEPARTMENT'S REQUEST, THE BOARD SHALL APPROVE THE USE OF MONIES AS DESCRIBED IN SUBSECTION F, PARAGRAPH 5 OF THIS SECTION. THE DEPARTMENT MAY USE UP TO ONE PERCENT OF THE MONIES ALLOCATED UNDER SUBSECTION F, PARAGRAPH 5 OF THIS SECTION TO ADMINISTER THE FUND.
- M. IF AN APPLICANT RECEIVES AN AWARD PURSUANT TO SUBSECTION E, PARAGRAPH 2 OF THIS SECTION BUT IS NOT ABLE TO SECURE THE FEDERAL GRANT, THE APPLICANT MUST NOTIFY THE DEPARTMENT WITHIN FIFTEEN DAYS AFTER RECEIVING NOTICE THAT THE APPLICANT HAS NOT SECURED THE FEDERAL GRANT. AFTER RECEIVING THE APPLICANT'S NOTICE PURSUANT TO THIS SUBSECTION, THE DEPARTMENT SHALL MAKE THE AWARD MONIES AVAILABLE FOR OTHER APPLICATIONS.

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- N. FOR THE PURPOSES OF THIS SECTION:
- 1. "FEDERAL GRANT" MEANS A FEDERAL DISCRETIONARY GRANT PROGRAM ADMINISTERED BY ANY FEDERAL AGENCY FOR SURFACE TRANSPORTATION PURPOSES.
- 2. "URBANIZED AREA" MEANS AN URBANIZED AREA AS DEFINED IN THE MOST RECENT DECENNIAL CENSUS CERTIFIED BY THE UNITED STATES BUREAU OF THE CENSUS.
- Sec. 4. Section 28-472, Arizona Revised Statutes, is amended to read:
 - 28-472. Fleet operation services; records; rules; vehicle replacement rate; participating agencies; coordinator; public service announcements; annual report
- A. The director shall operate the state motor vehicle fleet for the purpose of providing fleet operation services to agencies. The director shall make fleet operation services available to an agency on the request of the chosen representative for that agency.
- B. The director is responsible for administering the state motor vehicle fleet, including:
 - 1. Procuring motor vehicles for the state motor vehicle fleet.
- 2. Notwithstanding title 41, chapter 23, article 8, administering the surplus and sale of motor vehicles in the state motor vehicle fleet.
- C. The director shall provide for detailed cost, operation, maintenance, mileage and custody records for each state-owned motor vehicle.
- D. The director may adopt rules necessary to administer this article.
- E. The department shall recover all costs for fleet operation services that are provided to an agency. Each agency shall pay from available monies the cost of fleet operation services received from the department at a rate determined by the director, including a separate vehicle replacement rate for motor vehicle replacements. The director shall deposit, pursuant to sections 35-146 and 35-147, monies received for fleet operation services in the state fleet operations fund established by section 28-475. The director shall deposit, pursuant to sections 35-146 and 35-147, monies received to pay the vehicle replacement rate in the state vehicle replacement fund established by section 28-476.
- F. The following agencies are excluded from participation in the state motor vehicle fleet:
 - 1. The department of public safety.
 - 2. The department of economic security.
 - 3. The state department of corrections.
 - 4. Universities and community colleges.
 - 5. The Arizona state schools for the deaf and the blind.
 - 6. The cotton research and protection council.
 - 7. The Arizona commerce authority.

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- 8. The department of child safety.
- 9. THE DEPARTMENT OF TRANSPORTATION.
- G. The director shall appoint a state motor vehicle fleet coordinator.
- H. An agency may not purchase, lease or rent a motor vehicle unless the agency is excluded from participation in the state motor vehicle fleet by subsection F of this section. The director may withhold registration for any motor vehicle that is purchased, leased or rented in violation of this subsection.
- I. Notwithstanding subsection H of this section, an agency that administers a separate account pursuant to section 28-476, subsection C shall control the purchase, lease or rental of motor vehicles. Vehicles purchased, leased or rented under this subsection shall be used by the agency only for the agency's purposes.
- J. An agency listed in subsection F of this section may elect to participate in the state motor vehicle fleet by executing an interagency service agreement between the agency and the department.
- K. A governmental budget unit of this state that is not an agency may elect to participate in the state motor vehicle fleet by entering into an interagency service agreement with the department.
- L. An agency, including an agency listed in subsection F of this section, may accept compensation for placing public service announcements on state-owned motor vehicles, and monies received shall be deposited, pursuant to sections 35-146 and 35-147, in the state general fund. The agency director shall determine the appropriateness of the announcements, may exempt any motor vehicles that are not suitable for advertising and may contract with private parties to design and place the announcements.
- M. On or before October 1 of each year, the department shall submit to the joint legislative budget committee and the governor's office of strategic planning and budgeting a report that accounts for all monies deposited in the state fleet operations fund established by section 28-475 and the state vehicle replacement fund established by section 28-476, including any monies allocated to separate agency accounts. The report shall also include the number of motor vehicles that were replaced in the prior fiscal year, the number of motor vehicles at each agency, the replacement life cycle for each motor vehicle and the number of motor vehicles the department identifies as not requiring replacement.
- Sec. 5. Section 28-6951, Arizona Revised Statutes, is amended to read:

28-6951. <u>Five year transportation facilities construction program: departmental committee</u>

- A. The director shall develop a five year transportation facilities construction program according to the policies established by the board.
- B. To aid in the development of the five year transportation facilities construction program, the director shall appoint a departmental

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committee that is responsible to the director. The departmental committee is subject to title 38, chapter 3, article 3.1.

- C. The departmental committee shall:
- 1. Recommend priorities on transportation facilities construction projects to be constructed by this state that may include any relevant criteria for the development of priority recommendations for the construction and development of transportation facilities to be constructed by this state.
- 2. Update and prepare annually a long-range statewide transportation facilities construction program covering the following five fiscal years for submission to the board as follows:
- (a) The first year of the five year program shall consist of the highest priority transportation facilities construction projects that with reasonable certainty can be advertised for public bidding.
- (b) The committee shall group proposed projects for the four remaining years of the five year program by the year it is estimated construction will begin and in order of their priorities.
- (c) The committee shall provide the estimated cost of the program for each year that is approximately equal to the revenues estimated to be available for transportation facilities construction purposes during that year.
- 3. Review priority changes in or introduction of new projects to a proposed or an adopted five year program that the board has requested and make recommendations in a written report to the board on the requested priority changes or introduction of new projects based on a study of the criteria and policy that establish the priorities of projects.
- 4. Review the adopted five year transportation facilities construction program from time to time during the fiscal year and make recommendations in a written report to the board for priority changes in or introduction of new projects to the program based on a study of the criteria and policy that establish the priorities of projects.
- 5. REVIEW AND MAKE RECOMMENDATIONS TO THE BOARD FOR APPLICATIONS SUBMITTED PURSUANT TO SECTION 28-339.
- 5. 6. Fully document its recommendations in the written reports required by this section.
- Sec. 6. Section 28-7006, Arizona Revised Statutes, is amended to read:

28-7006. Department fleet operations fund; definitions

- A. A The transportation department equipment FLEET OPERATIONS fund is established that consists of:
- 1. Monies appropriated by the legislature to the department for the purchase, maintenance, service or repair of equipment and consumable material, including monies appropriated to pay salaries, wages and benefits of department employees engaged in maintaining, servicing or repairing equipment or supervising these activities.

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- 2. Monies received by the department from the sale of equipment and consumable material at public auction or by other disposal methods provided by law.
- 3. Monies credited and transferred to the fund pursuant to subsection C of this section for the use of USING consumable material and for the use USING or servicing of equipment.
- 4. Monies received from insurance recoveries for equipment and consumable material losses.
 - 5. Monies received from donations.
- 6. Monies received from the United States as reimbursement to provide aid for the use of equipment and consumable materials in the construction, maintenance or repair CONSTRUCTING, MAINTAINING AND REPAIRING of transportation improvements.
- 7. Earnings on any monies in the transportation department FLEET OPERATIONS fund that are invested pursuant to section 28-6996.
- B. The director shall establish and from time to time modify or adjust the equipment rental schedule and the other fee schedule to reflect all current costs of ownership, maintenance, operation and service of OWNING, MAINTAINING, OPERATING AND SERVICING equipment, including the costs of labor and supervision and consumable materials used in the equipment.
- C. Department equipment shall not be used for any purpose and the department shall not incur an expense in the maintenance, service or repair of MAINTAINING, SERVICING OR REPAIRING equipment unless within thirty days after the end of any month in which equipment is used or the expenses are incurred both:
- 1. The appropriate project, program, section, division, activity or budget unit is charged for the use pursuant to the equipment rental schedule or other fee schedule.
- 2. The transportation department equipment FLEET OPERATIONS fund is credited and the monies are transferred to that fund.
- D. Monies in the transportation department equipment FLEET OPERATIONS fund are subject to legislative appropriation and shall be spent only to:
 - 1. Purchase equipment and consumable materials.
 - 2. Rent equipment.
- 3. Pay salaries, wages and employee related costs and benefits and operating expenses for employees engaged in repairing, maintaining or servicing equipment or $\frac{1}{1}$ these activities.
- 4. Pay salaries, wages, employee related costs and benefits and the operating expenses of the department motor pool.
- E. Monies in the transportation department equipment FLEET OPERATIONS fund are subject to legislative appropriation and shall be spent in conformity with the laws governing state financial operations,

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except that balances remaining at the end of the fiscal year do not revert to the state general fund or the state highway fund.

- F. In FOR THE PURPOSES OF this section, unless the context otherwise requires:
- 1. "Consumable material" means motor vehicle fuel, lubricants, tires, batteries, replacement or repair parts, automotive accessories and any other necessary article of supply or material consumed in the operation, improvement, repair or maintenance of OPERATING, IMPROVING, REPAIRING OR MAINTAINING equipment.
- 2. "Equipment" means any automobile, truck, tractor, trailer, motor driven vehicle, aircraft or other piece of equipment used by the department in the enforcement of the ENFORCING traffic laws and in the administration, maintenance, construction or repair of ADMINISTERING, MAINTAINING, CONSTRUCTING OR REPAIRING the state transportation system and any necessary shop tool or device used in the improvement, repair or maintenance of this IMPROVING, REPAIRING OR MAINTAINING equipment.
- 3. "Equipment rental schedule" means the list of rental rates for each piece of rental equipment owned or rented by the department and used as the basis of reimbursing the transportation department equipment FLEET OPERATIONS fund for use of USING any equipment owned by the department.
- 4. "Other fee schedule" means the list of all costs and expenses that is used as the basis of reimbursing the transportation department equipment FLEET OPERATIONS fund for an expenditure for labor or consumable material that is not reflected in the equipment rental schedule but which cost or expense is nevertheless incurred by the department in the maintenance, service or repair of MAINTAINING, SERVICING OR REPAIRING equipment.

Sec. 7. Retroactivity

Section 12-102.04, Arizona Revised Statutes, as added by this act, applies retroactively to from and after June 30, 2021.

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