

Senate Engrossed

census adjustment; population threshold

State of Arizona  
Senate  
Fifty-sixth Legislature  
First Regular Session  
2023

## CHAPTER 4

# SENATE BILL 1051

AN ACT

AMENDING SECTIONS 11-806, 28-6391 AND 36-2944, ARIZONA REVISED STATUTES;  
RELATING TO POPULATION THRESHOLD.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 11-806, Arizona Revised Statutes, is amended to  
3 read:

4 11-806. Rural planning areas; rural planning zones; formation

5 A. In counties with a population of less than ~~four~~ FIVE hundred  
6 thousand persons, the board of supervisors shall receive petitions to form  
7 a rural planning area that are signed by persons who own real property in  
8 any specific portion of the county outside the corporate boundaries of any  
9 cities and towns. Owners of a majority of the acres of real property in  
10 the proposed planning area must sign the petition. Participation in the  
11 rural planning area is voluntary, and any person may withdraw real  
12 property owned by the person from the planning area. The board of  
13 supervisors shall encourage voluntary participation in the planning area  
14 and shall aid the planning areas in providing a sound factual and policy  
15 basis for planning. The recommendations of rural planning areas shall  
16 emphasize voluntary, nonregulatory incentives for compliance and  
17 accommodation of continuing traditional rural and agricultural  
18 enterprises. Rural planning areas shall transmit their recommendations to  
19 the board of supervisors for its consideration for inclusion in the county  
20 comprehensive plan.

21 B. In any county with a population of less than ~~four~~ FIVE hundred  
22 thousand persons, any cities and towns and the county sharing a  
23 multijurisdictional area with a combined population of more than fifty  
24 thousand but less than one hundred thousand persons, according to the most  
25 recent ~~department of economic security~~ OFFICE OF ECONOMIC OPPORTUNITY  
26 estimates, may voluntarily form rural planning zones to develop  
27 coordinated and comprehensive regional plans.

28 Sec. 2. Section 28-6391, Arizona Revised Statutes, is amended to  
29 read:

30 28-6391. Transportation excise tax distribution in counties  
31 with five hundred thousand persons or less; county  
32 regional area road fund

33 A. In a county with a population of ~~four~~ FIVE hundred thousand  
34 persons or less, the officer collecting transportation excise tax monies  
35 pursuant to section 42-6107 shall immediately transfer the monies to the  
36 state treasurer. The state treasurer shall deposit the monies in a fund  
37 designated for the county as the county's regional area road fund. The  
38 state treasurer shall hold monies in the county's regional area road fund  
39 as a trustee for the county and the cities and towns in the county.

40 B. The county and the cities and towns in the county that receive  
41 the transportation excise tax monies have the beneficial interests in the  
42 fund.

1           Sec. 3. Section 36-2944, Arizona Revised Statutes, is amended to  
2 read:

3           36-2944. Qualified plan health service contracts; proposals;  
4                     administration; contract terms

5           A. For each county that has a population of ~~four~~ FIVE hundred  
6 thousand persons or less ~~according to the most recent United States~~  
7 ~~decennial census~~ and that was not approved as a program contractor before  
8 January 1, 1994 or that officially states that it wishes to end its status  
9 as a program contractor, the director at least every five years shall  
10 prepare and issue a request for proposal and a proposed contract format to  
11 qualified group disability insurers, hospital and medical service  
12 corporations, health care services organizations and any other qualified  
13 public or private persons to be a program contractor and provide services  
14 pursuant to this article on a capitation rate basis to members who are  
15 enrolled with the program contractors by the system, who are not persons  
16 with developmental disabilities as defined in section 36-551 and who are  
17 residents of the county at the time of application for the system.

18           B. The director may adopt rules regarding the request for proposal  
19 process ~~which~~ THAT provide:

20           1. For the award of contracts by categories of members or services  
21 in order to secure the most financially advantageous proposals for the  
22 system.

23           2. That each qualified proposal shall be entered with separate  
24 categories for the distinct groups of members or services to be covered by  
25 the proposed contracts, as set forth in the request for proposal.

26           3. For the procurement of reinsurance for expenses incurred by any  
27 program contractor, any member or the system in providing services in  
28 excess of amounts specified by the director in any contract year.

29           4. For second round competitive proposals to request voluntary  
30 price reduction of proposals from only those proposals that have been  
31 tentatively selected for award, before the final award or rejection of  
32 proposals.

33           C. Contracts shall be awarded as otherwise provided by law, except  
34 that in no event may a contract be awarded to any program contractor ~~which~~  
35 THAT will cause the system to lose any federal monies to which it is  
36 otherwise entitled.

37           D. After contracts are awarded pursuant to this section, the  
38 director may negotiate with any successful proposal respondent for the  
39 expansion or contraction of services or service areas if there are  
40 unnecessary gaps or duplications in services or service areas.

41           E. Payments to program contractors pursuant to this section shall  
42 be made monthly or quarterly and may be subject to contract provisions  
43 requiring the retention of a specified percentage of the payment by the  
44 director, a reserve fund or other contract provisions by which adjustments  
45 to the payments are made based on utilization efficiency, including

1 incentives for maintaining quality care and minimizing unnecessary  
2 inpatient services. Reserve funds withheld from contracts shall be  
3 distributed to program contractors who meet performance standards  
4 established by the director. Any reserve fund established pursuant to  
5 this subsection shall be established as a separate account within the  
6 Arizona long-term care system fund.

7 F. Payments made pursuant to this section shall begin after a  
8 member is enrolled in the system.

9 G. Each program contractor pursuant to this section shall submit an  
10 annual audited financial and programmatic report for the preceding fiscal  
11 year as required by the administration. The report shall include  
12 beginning and ending fund balances, revenues and expenditures, including  
13 specific identification of administrative costs. The report shall include  
14 the number of members served by the program contractor and the cost  
15 incurred for various types of services provided to members in a format  
16 prescribed by the director.

17 H. The director shall require contract terms necessary to ensure  
18 adequate performance by the program contractor of the provisions of each  
19 contract executed pursuant to this section. Contract provisions required  
20 by the director shall include the maintenance of deposits, performance  
21 bonds, financial reserves or other financial security.

APPROVED BY THE GOVERNOR MARCH 28, 2023.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 28, 2023.