

House Engrossed

~~technical correction; unordered merchandise~~
(now: business one stop; nonlapsing)

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HOUSE BILL 2323

AN ACT

AMENDING LAWS 2023, CHAPTER 133, SECTION 113, AS AMENDED BY LAWS 2024,
CHAPTER 209, SECTION 11; RELATING TO THE AUTOMATED PROJECTS FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Laws 2023, chapter 133, section 113, as amended by Laws
3 2024, chapter 209, section 11, is amended to read:

4 Sec. 113. Automation projects fund; appropriations; quarterly
5 reports; exemption; fiscal year 2023-2024

6 A. The sum of \$20,647,800 is appropriated from the human resources
7 information system subaccount in the automation projects fund established
8 pursuant to section 41-714, Arizona Revised Statutes, in fiscal year
9 2023-2024 to the department of administration to replace the human
10 resources information system.

11 B. The following amounts are appropriated from the health and human
12 services information system subaccount in the automation projects fund
13 established pursuant to section 41-714, Arizona Revised Statutes, in
14 fiscal year 2023-2024 to the department of administration for the
15 following statewide health and human services information technology
16 projects:

17 1. \$6,700,000 for a new information technology platform to
18 authenticate individuals applying for health and human service programs to
19 prevent fraud, waste and abuse. This project is subject to review by the
20 joint legislative budget committee.

21 2. \$2,814,600 for the development of several modules associated
22 with the medicaid enterprise system mainframe replacement. This project
23 is deemed to have been favorably reviewed by the joint legislative budget
24 committee.

25 3. \$1,685,400 for medicaid enterprise system fraud and waste abuse
26 prevention enhancements. This project is deemed to have been favorably
27 reviewed by the joint legislative budget committee.

28 4. \$2,000,000 for the medicaid enterprise system systems
29 integrator, which establishes a platform infrastructure in the cloud to
30 serve as the foundation for the modular replacement of the prior prepaid
31 medicaid management information system, and servicenow projects. This
32 amount was favorably reviewed by the joint legislative budget committee in
33 october 2023.

34 C. The sum of \$1,800,000 is transferred from the health and human
35 services information system subaccount in the automation projects fund
36 established pursuant to section 41-714, Arizona revised statutes, in
37 fiscal year 2023-2024 for deposit in the state general fund.

38 D. The sum of \$2,000,000 is appropriated from the department of
39 administration subaccount in the automation projects fund established
40 pursuant to section 41-714, Arizona Revised Statutes, in fiscal year
41 2023-2024 to the department of administration for the K-12 school
42 financial transparency reporting portal.

43 E. The sum of \$7,000,000 is appropriated from the corporation
44 commission subaccount in the automation projects fund established pursuant
45 to section 41-714, Arizona Revised Statutes, in fiscal year 2023-2024 to

1 the corporation commission to replace the corporation commission's online
2 records and filing system. As part of the department of administration's
3 request for expenditure review pursuant to section 41-714, Arizona Revised
4 Statutes, the department shall also submit a report for review of the
5 agency's plan to support the business one-stop project through its
6 completion, including plans for how the new system will integrate with the
7 business one-stop solution.

8 F. The sum of \$494,500 is appropriated from the department of
9 public safety subaccount in the automation projects fund established
10 pursuant to section 41-714, Arizona Revised Statutes, in fiscal year
11 2023-2024 to the department of public safety to replace the concealed
12 weapons tracking system.

13 G. The sum of \$19,369,400 is appropriated from the department of
14 revenue subaccount in the automation projects fund established pursuant to
15 section 41-714, Arizona Revised Statutes, in fiscal year 2023-2024 to the
16 department of revenue to implement the integrated tax system modernization
17 project. The monies appropriated in this subsection shall be spent for an
18 integrated tax system modernization project that meets the following
19 minimum specifications:

20 1. Captures data fields from electronically filed individual and
21 corporate income tax returns and makes the data available for querying and
22 reporting purposes. The system shall provide the department of revenue
23 staff, the joint legislative budget committee staff and governor's office
24 of strategic planning and budgeting staff direct access to the querying
25 and reporting functions. The querying and reporting functions shall
26 include procedures to protect taxpayer confidentiality under applicable
27 state and federal law.

28 2. For electronic corporate income tax returns, captures
29 information regarding the principal business activity of the corporation.
30 This requirement may be satisfied through North American industry
31 classification system data listed on federal tax forms. The tax system
32 shall allow for querying and reporting based on principal business
33 activity.

34 3. Includes an integrated individual income tax model within the
35 project and provides the department of revenue staff, the joint
36 legislative budget committee staff and governor's office of strategic
37 planning and budgeting staff direct access to the individual income tax
38 model. At a minimum, the model shall allow the department of revenue
39 staff, the joint legislative budget committee staff and governor's office
40 of strategic planning and budgeting staff to adjust tax law parameters
41 against an anonymized representative sample of income tax returns to
42 estimate the fiscal impact of proposed tax legislation. The model shall
43 only include data from state and federal tax returns that are captured by
44 the tax system. The individual income tax model shall include procedures

1 to protect taxpayer confidentiality under applicable state and federal
2 law.

3 4. Makes individual and corporate income tax data available for
4 querying, modeling and reporting within twenty-four months following the
5 end of a tax year.

6 Before awarding any procurement contract for the tax system, the
7 department of revenue shall submit a report addressing the project
8 specifications contained in this subsection for review by the joint
9 legislative budget committee.

10 H. As part of the department of administration's request for
11 expenditure review pursuant to section 41-714, Arizona Revised Statutes
12 shall, the department shall also submit a report for review of the
13 agency's plan to support the business one-stop project through its
14 completion, including plans for how the new system will integrate with the
15 business one-stop solution.

16 I. The following amounts are appropriated from the
17 judiciary-supreme court subaccount in the automation projects fund
18 established pursuant to section 41-714, Arizona Revised Statutes, in
19 fiscal year 2023-2024 to the Arizona supreme court for the following
20 automation and information projects:

21 1. \$3,270,000 to replace the probation case management system.

22 2. \$2,500,000 for a statewide community supervision electronic
23 monitoring system.

24 Quarterly Reports

25 J. Within thirty days after the last day of each calendar quarter,
26 the department of administration shall submit to the joint legislative
27 budget committee a quarterly report on implementing projects approved by
28 the information technology authorization committee established by section
29 18-121, Arizona Revised Statutes, including the projects' expenditures to
30 date, deliverables, timeline for completion and current status.

31 Nonlapsing

32 K. The ~~amount~~ AMOUNTS appropriated pursuant to SUBSECTIONS A, B, C,
33 D, F, G AND I OF this section from the automation projects fund
34 established by section 41-714, Arizona Revised Statutes, in fiscal year
35 2023-2024 ~~is~~ ARE exempt from the provisions of section 35-190, Arizona
36 Revised Statutes, relating to lapsing of appropriations, until June 30,
37 2025. THE AMOUNT APPROPRIATED PURSUANT TO SUBSECTION E OF THIS SECTION
38 FROM THE AUTOMATION PROJECTS FUND ESTABLISHED BY SECTION 41-714, ARIZONA
39 REVISED STATUTES, IN FISCAL YEAR 2023-2024 IS EXEMPT FROM THE PROVISIONS
40 OF SECTION 35-190, ARIZONA REVISED STATUTES, RELATING TO LAPSING OF
41 APPROPRIATIONS, UNTIL JUNE 30, 2026.

42 L. Notwithstanding Laws 2021, chapter 408, section 117, the
43 following amounts appropriated from the automation projects fund
44 established pursuant to section 41-714, Arizona Revised Statutes, in
45 fiscal year 2021-2022 to the department of administration by Laws 2021,

1 chapter 408, section 117 are exempt from the provisions of section 35-190,
2 Arizona Revised Statutes, relating to lapsing of appropriations, until
3 June 30, 2024:

4 1. \$7,758,900 from the department of administration subaccount in
5 the automation projects fund established pursuant to section 41-714,
6 Arizona Revised Statutes, to develop a business one-stop web portal.

7 2. \$9,000,000 appropriated from the department of economic security
8 subaccount in the automation projects fund established pursuant to section
9 41-714, Arizona Revised Statutes, to update the childcare management
10 system at the department of economic security.

11 3. \$550,000 appropriated from the department of public safety
12 subaccount in the automation projects fund established pursuant to section
13 41-714, Arizona Revised Statutes, to the department of administration to
14 update the concealed weapons tracking system at the department of public
15 safety.