

REFERENCE TITLE: **governor's economic opportunity office; consolidation**

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

HB 2666

Introduced by
Representative Fann

AN ACT

AMENDING SECTIONS 4-206.01, 11-211, 11-292 AND 15-1626, ARIZONA REVISED STATUTES; AMENDING TITLE 23, CHAPTER 4, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 23-722.03 AND 23-722.04; AMENDING SECTIONS 28-332, 28-6547, 35-701, 35-702, 35-703, 35-705, 35-706, 35-721, 35-722, 35-726, 35-751, 35-761, 35-762, 35-901, 35-902, 35-903, 35-904 AND 35-905, ARIZONA REVISED STATUTES; REPEALING SECTION 35-906, ARIZONA REVISED STATUTES; AMENDING SECTIONS 35-907, 35-908, 35-909 AND 35-910, ARIZONA REVISED STATUTES; REPEALING SECTION 35-913, ARIZONA REVISED STATUTES; REPEALING TITLE 36, CHAPTER 4.2, ARIZONA REVISED STATUTES; AMENDING SECTIONS 37-1015, 41-1052, 41-1502, 41-1543, 41-1544, 41-1545.02, 41-1545.05, 41-1959, 41-2251, 41-2252 AND 41-2254, ARIZONA REVISED STATUTES; REPEALING SECTIONS 41-3016.16, 41-3019.03 AND 41-3022.19, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3026.01; REPEALING TITLE 41, CHAPTER 37, ARTICLE 1, ARIZONA REVISED STATUTES; AMENDING SECTIONS 41-3953, 41-3955 AND 41-3957, ARIZONA REVISED STATUTES; REPEALING TITLE 41, CHAPTER 45, ARIZONA REVISED STATUTES; AMENDING TITLE 41, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 53; PROVIDING FOR TRANSFERRING AND RENUMBERING; AMENDING SECTIONS 41-5401 AND 41-5402, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING SECTIONS 44-1843, 44-1861, 44-1892, 44-3324, 44-3325, 48-6202, 49-1201, 49-1202 AND 49-1203, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO ECONOMIC DEVELOPMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 4-206.01, Arizona Revised Statutes, is amended to
3 read:
4 4-206.01. Bar, beer and wine bar or liquor store licenses;
5 number permitted; fee; sampling privileges
6 A. The director shall determine the total number of spirituous liquor
7 licenses by type and in each county. The director shall publish a listing of
8 that information as determined by the director.
9 B. In each county, the director, each year, shall issue additional
10 bar, beer and wine bar or liquor store licenses at the rate of one of each
11 type for each additional ten thousand person increase over the population in
12 that county as of July 1, 2010. Any licenses that have been revoked or
13 reverted in any county after July 1, 2014 may be reissued by the director in
14 the county of their issuance. The director may waive the issuance of any
15 series of new, revoked or reverted licenses in a county for one year where
16 there has been no request made to the department for the issuance of a new
17 license of that series. For the purposes of this subsection, the population
18 of a county is deemed to be the population estimated by the ~~office of~~
19 ~~employment and population statistics within the Arizona department of~~
20 ~~administration~~ GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE as of July 1 of each
21 year.
22 C. A person issued a license authorized by subsection B of this
23 section shall pay an additional issuance fee equal to the license's fair
24 market value that shall be paid to the state general fund. The fair market
25 value shall be defined to mean the mean value of licenses of the same type
26 sold on the open market in the same county during the prior twelve months,
27 but if there are not three or more sales then the fair market value shall be
28 determined by two appraisals furnished to the department by independent
29 professional appraisers employed by the director.
30 D. The director shall employ professional appraisal services to
31 determine the fair market value of bar, beer and wine bar or liquor store
32 licenses.
33 E. If more than one person applies for an available license, a
34 priority of applicants shall be determined by a random selection method
35 prescribed by the director.
36 F. After January 1, 2011, bar licenses and beer and wine bar licenses
37 shall be issued and used only if the clear primary purpose and actual primary
38 use is for on-sale retailer privileges. The off-sale privileges associated
39 with a bar license and a beer and wine bar license shall be limited to use,
40 which is clearly auxiliary to the active primary on-sale privilege. A bar
41 license or a beer and wine bar license shall not be issued or used if the
42 associated off-sale use, by total retail spirituous liquor sales, exceeds
43 thirty ~~per cent~~ PERCENT of the sales price of on-sale spirituous liquors by
44 the licensee at that location. For dual licenses issued pursuant to a single
45 site or where a second license is issued to a site that already has a

1 spirituous liquor license, other than settlement licenses issued as provided
2 by law, the applicant shall have the burden of establishing that public
3 convenience and the best interest of the community will be served by the
4 issuance of the license.

5 G. The director may issue a beer and wine store license to the holder
6 of a beer and wine bar license simultaneously at the same premises. An
7 applicant for a beer and wine bar license and a beer and wine store license
8 may consolidate the application and may apply for both licenses at the same
9 time. The holder of each license shall fully comply with all applicable
10 provisions of this title. A beer and wine bar license and beer and wine
11 store license on the same premises shall be owned by and issued to the same
12 licensee.

13 H. The director may issue a beer and wine bar license to the holder of
14 a liquor store license issued simultaneously at the same premises. An
15 applicant for a liquor store license and a beer and wine bar license may
16 consolidate the application and may apply for both licenses at the same time.
17 The holder of each license shall fully comply with all applicable provisions
18 of this title. A liquor store license and a beer and wine bar license on the
19 same premises shall be owned by and issued to the same licensee.

20 I. The director may issue a restaurant license to the holder of a beer
21 and wine bar license issued simultaneously at the same premises. An
22 applicant for a restaurant license and a beer and wine bar license may
23 consolidate the application and may apply for both licenses at the same time.
24 The holder of each license shall fully comply with all applicable provisions
25 of this title. A restaurant license and a beer and wine bar license on the
26 same premises shall be owned by and issued to the same licensee. The
27 limitation set forth in subsection F of this section with respect to the
28 off-sale privileges of the beer and wine bar licenses shall be measured
29 against the on-sales of beer and wine sales of the establishment. For the
30 purposes of compliance with section 4-205.02, subsection H, paragraph 2, it
31 shall be conclusively presumed that all on premises sales of spirituous
32 liquors are made under the authority of the restaurant license.

33 J. An applicant for a liquor store license or a beer and wine store
34 license and the licensee of a liquor store license or a beer and wine store
35 license may apply for sampling privileges associated with the license. Beer
36 and wine store premises shall contain at least five thousand square feet in
37 order to be eligible for sampling privileges. A person desiring a sampling
38 privilege associated with a liquor store license shall apply to the director
39 on a form prescribed and furnished by the director. The application for
40 sampling privileges may be filed for an existing license or may be submitted
41 with an initial license application. The request for sampling approval, the
42 review of the application and the issuance of approval shall be conducted
43 under the same procedures for the issuance of a spirituous liquor license
44 prescribed in section 4-201. After a sampling privilege has been issued for
45 a liquor store license or a beer and wine store license, the sampling

1 privilege shall be noted on the license itself and in the records of the
2 department. The sampling rights associated with a license are not
3 transferable. The director may charge a fee for processing the application
4 for sampling privileges and a renewal fee as provided in this section. A
5 city or town shall not charge any fee relating to the issuance or renewal of
6 a sampling privilege. Notwithstanding section 4-244, paragraph 19, a liquor
7 store licensee or a beer and wine store licensee that holds a license with
8 sampling privileges may provide spirituous liquor sampling subject to the
9 following requirements:

10 1. Any open product shall be kept locked by the licensee when the
11 sampling area is not staffed.

12 2. The licensee is otherwise subject to all other provisions of this
13 title. The licensee is liable for any violation of this title committed in
14 connection with the sampling.

15 3. The licensed retailer shall make sales of sampled products from the
16 licensed retail premises.

17 4. The licensee shall not charge any customer for the sampling of any
18 products.

19 5. The sampling shall be conducted under the supervision of an
20 employee of a sponsoring distiller, vintner, brewer, wholesaler or retail
21 licensee.

22 6. Accurate records of sampling products dispensed shall be retained
23 by the licensee.

24 7. Sampling shall be limited to three ounces of beer or cooler-type
25 products, one and one-half ounces of wine and one ounce of distilled spirits
26 per person, per brand, per day.

27 8. The sampling shall be conducted only on the licensed premises.

28 K. If a beer and wine bar license and a beer and wine store license
29 are issued at the same premises, for the purposes of reporting liquor
30 purchases under each license, all spirituous beverages purchased for sampling
31 are conclusively presumed to be purchased under the beer and wine bar license
32 and all spirituous liquor sold off-sale are conclusively presumed to be
33 purchased under the beer and wine store license.

34 L. The director may issue a beer and wine store license to the holder
35 of a bar license simultaneously at the same premises. An applicant for a
36 beer and wine store license and a bar license may consolidate the application
37 and may apply for both licenses at the same time. The holder of each license
38 shall fully comply with all applicable provisions of this title. A beer and
39 wine store license and a bar license on the same premises shall be owned by
40 and issued to the same licensee. If a beer and wine store license and a bar
41 license are issued at the same premises, for purposes of reporting liquor
42 purchases under each license, all off-sale beer and wine sales are
43 conclusively presumed to be purchased under the beer and wine store license.

1 Sec. 2. Section 11-211, Arizona Revised Statutes, is amended to read:
2 11-211. Membership; qualifications; term

3 A. There shall be in each county having a population of one hundred
4 seventy-five thousand or more persons a board of supervisors consisting of
5 five members who shall be qualified electors of their supervisorial district,
6 and who shall be elected at a general election at which the president of the
7 United States is elected. In each county having a population of less than
8 one hundred seventy-five thousand persons, a board of supervisors shall
9 consist of three members, except as prescribed by subsection B or C of this
10 section, who shall be qualified electors of their supervisorial district and
11 who shall be elected at a general election at which the president of the
12 United States is elected. They shall enter on their duties on January 1
13 subsequent to their election, and shall hold office for four years. No
14 person holding any other county or precinct office is eligible to the office
15 of supervisor.

16 B. Any county having a population of less than one hundred fifty
17 thousand persons but more than one hundred thousand persons shall call an
18 election to change from a three-member to a five-member board of supervisors,
19 or from a five-member to a three-member board of supervisors, on receipt by
20 the board of supervisors of a petition containing signatures of qualified
21 electors equal to at least ten ~~per-cent~~ PERCENT of the votes cast in the
22 county at the preceding general election at which a president of the United
23 States was elected. The board shall submit to the electors in the county, at
24 a special election called for that purpose, the question whether or not the
25 county shall elect five members or three members to the board of supervisors.
26 The election shall be held before the first Monday in January preceding the
27 next general election. The ballots shall contain the words: "Five
28 supervisors, yes. Five supervisors, no." or "Three supervisors, yes. Three
29 supervisors, no." If the majority of the qualified electors voting on the
30 question votes in the affirmative, the board of supervisors shall redistrict
31 the county in accordance with section 11-212. The county shall thereafter
32 elect the prescribed number of members to the board of supervisors who shall
33 be elected in the manner provided in subsection A of this section and have
34 the same qualifications as provided in subsection A of this section for a
35 board of supervisors with a population of one hundred seventy-five thousand
36 or more persons, and shall hold office for a term of four years to commence
37 on January 1.

38 C. Any county having a population of at least one hundred fifty
39 thousand persons but not more than one hundred seventy-five thousand persons
40 and having a county board of supervisors that consists of three persons shall
41 submit to the electors in the county, at the next general election after the
42 release of the population estimate from the ~~office of employment and~~
43 ~~population statistics~~ GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE, the question of
44 whether the county shall elect five members to the board of supervisors. The
45 ballots must contain the words: "Five supervisors, yes. Five supervisors,

1 no." If approved by a majority of the qualified electors of that county who
2 voted on the question, the board of supervisors shall redistrict the county
3 pursuant to section 11-212. The county thereafter shall elect at the next
4 general election immediately following the election at which the question is
5 approved the prescribed number of members to the board of supervisors who
6 shall have the same qualifications as provided in subsection A of this
7 section. The following apply to the election for the county board of
8 supervisors prescribed in this subsection:

9 1. If the next general election immediately following the election at
10 which the question is approved is held in a year that is the last year of the
11 four-year term of the three members of the county board of supervisors who
12 are already holding office, the five persons elected to the county board of
13 supervisors hold office for a term of four years to commence on January 1
14 immediately following their election.

15 2. If the next general election immediately following the election at
16 which the question is approved is held in a year that is not the last year of
17 the four-year term of the three members of the county board of supervisors
18 who are already holding office, the two additional persons elected to the
19 county board of supervisors hold office for a term of four years to commence
20 on January 1 immediately following their election. The three members of the
21 county board of supervisors who are already holding office continue to serve
22 their four-year terms of office without regard to whether they are residents
23 of the newly redrawn supervisorial districts for the remainder of those
24 four-year terms. Thereafter, members of the board of supervisors must be
25 residents of their supervisorial district and the term of office for members
26 of that county board of supervisors shall be staggered four-year terms.

27 3. For the election at which the question of whether the county shall
28 elect five members to the board of supervisors is on the ballot, the county
29 shall include in the publicity pamphlet an estimate of the cost to the county
30 for each additional member to the board of supervisors.

31 4. For the purposes of this subsection, "population" means the
32 population according to the annual population estimate provided by the ~~office~~
33 ~~of employment and population statistics~~ GOVERNOR'S ECONOMIC OPPORTUNITY
34 OFFICE.

35 Sec. 3. Section 11-292, Arizona Revised Statutes, is amended to read:
36 11-292. Medical care; definition

37 A. The board of supervisors, subject to the applicable provisions of
38 title 42, chapter 17, articles 2 and 3, shall include in its annual budget an
39 amount equal to fifty ~~per cent~~ PERCENT of the amount budgeted by the county
40 board of supervisors or the amount expended, whichever is less, for the
41 hospitalization and medical care of the indigent sick pursuant to this
42 article for fiscal year 1980-1981, except for Yuma and La Paz counties. The
43 contribution amounts of those counties shall be equal to the amount Yuma
44 county would have made pursuant to this subsection if a division had not
45 occurred apportioned between the counties. The office of the auditor general

1 shall determine the amount Yuma county would otherwise have included if a
2 division had not occurred and shall then determine the contribution amounts
3 of Yuma and La Paz counties based on the proportionate share of the estimated
4 population in these counties as of July 1, 1982.

5 B. For fiscal year 1994-1995, and for each fiscal year thereafter, the
6 state treasurer shall withhold an amount sufficient to meet the county
7 portion of the nonfederal costs of providing long-term care system services,
8 pursuant to title 36, chapter 29, article 2, excluding services to persons
9 with developmental disabilities, from monies otherwise payable to the county
10 under section 42-5029, subsection D, paragraph 2. This amount and the state
11 portion of the nonfederal costs shall be specified in the annual
12 appropriation for the maintenance and operation of the Arizona health care
13 cost containment system. For fiscal years 1994-1995, 1995-1996 and
14 1996-1997, monies shall be withheld from each county based on the following
15 percentages derived from a state auditor general's certified audit of fiscal
16 year 1987-1988 county long-term care and home health care expenditures,
17 except that amounts withheld shall be adjusted to reflect amounts paid by
18 counties pursuant to section 36-2952:

19	1. Apache:	0.22%
20	2. Cochise:	2.49%
21	3. Coconino:	0.66%
22	4. Gila:	2.56%
23	5. Graham:	0.64%
24	6. Greenlee:	0.34%
25	7. La Paz:	0.34%
26	8. Maricopa:	56.55%
27	9. Mohave:	2.73%
28	10. Navajo:	0.91%
29	11. Pima:	20.55%
30	12. Pinal:	5.09%
31	13. Santa Cruz:	1.05%
32	14. Yavapai:	3.12%
33	15. Yuma:	2.75%

34 C. In each fiscal year, of the total amount that is specified in the
35 annual appropriation as the nonfederal portion of the cost of providing
36 long-term care services and that portion of the phased-down medicare
37 prescription drug state contribution attributable to the Arizona long-term
38 care system, excluding services and phased-down medicare prescription drug
39 state contribution costs associated with persons with developmental
40 disabilities, and that represents an increase from the amount that was
41 specified in the annual appropriation for the prior fiscal year, the state
42 shall pay fifty ~~per cent~~ PERCENT of the increase. The remaining nonfederal
43 portion of the costs shall be apportioned among the counties according to the
44 proportion that each county's net nonfederal expenditures for long-term care
45 services, excluding services to persons with developmental disabilities,

1 bears to the total nonfederal expenditure for all counties two fiscal years
2 earlier, with the following adjustments in the following order:

3 1. If the resulting net county contribution when expressed as an
4 imputed property tax rate per one hundred dollars of net assessed value
5 exceeds ninety cents, the county's contribution shall be reduced so that the
6 imputed property tax rate equals ninety cents and the difference shall be
7 paid by the state.

8 2. Any county with a native American population that represents at
9 least twenty ~~per-cent~~ PERCENT of the county's total population according to
10 the most recent United States decennial census shall contribute an amount
11 equal to the prior fiscal year's contribution plus fifty ~~per-cent~~ PERCENT of
12 the difference between the prior year's contribution were it calculated using
13 the percentage in subsection B of this section and the current year's
14 contribution as if its share of the total nonfederal portion of the long-term
15 care costs had been calculated using the percentage prescribed in subsection
16 B of this section and the state shall pay any difference from the amount
17 otherwise required by this subsection.

18 3. If, after making the adjustments in this subsection, a county would
19 contribute more than if its contribution were calculated using the percentage
20 prescribed in subsection B of this section multiplied by the total nonfederal
21 costs of long-term care services, excluding services to persons with
22 developmental disabilities, the county's contribution shall be reduced to the
23 sum of its prior year's contribution plus fifty ~~per-cent~~ PERCENT of the
24 difference between the prior year's contribution were it calculated using the
25 percentage in subsection B of this section and the current year's
26 contribution as if its share of the total nonfederal portion of long-term
27 care costs had been calculated using the percentage prescribed in subsection
28 B of this section and the state shall pay any difference from the amount
29 otherwise required by this subsection.

30 4. After making all of the adjustments in this subsection, a statewide
31 per capita county contribution shall be calculated by summing the
32 contributions for all counties and then dividing the resulting total by the
33 total state population. If an individual county's contribution when
34 expressed as a per capita contribution exceeds the statewide per capita
35 county contribution, the county's contribution shall be reduced so that the
36 county's contribution equals the statewide per capita contribution and the
37 difference shall be paid by the state. For the purposes of this paragraph,
38 "population" means the population estimate approved by the ~~office of~~
39 ~~employment and population statistics~~ GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE
40 for the most recent fiscal year.

41 D. The director of the Arizona health care cost containment system
42 administration shall notify each county of the amount determined pursuant to
43 subsection A of this section to be included in its annual budget no later
44 than May 1 of each year.

1 E. If a county does not provide funding as specified in subsection A
2 of this section, the state treasurer shall subtract the amount owed to the
3 Arizona health care cost containment system fund by the county from any
4 payments required to be made by the state treasurer to that county pursuant
5 to section 42-5029, subsection D, paragraph 2, plus interest on that amount
6 pursuant to section 44-1201 retroactive to the first day the funding was
7 due. If the monies the state treasurer withholds are insufficient to meet
8 that county's funding requirement as specified in subsection A of this
9 section, the state treasurer shall withhold from any other monies payable to
10 that county from whatever state funding source is available an amount
11 necessary to fulfill that county's requirement. The state treasurer shall
12 not withhold distributions from the highway user revenue fund pursuant to
13 title 28, chapter 18, article 2.

14 F. Each month payment of an amount equal to one-twelfth of the total
15 amount determined pursuant to subsection A of this section shall be made to
16 the state treasurer. Payment of this amount shall be made to the state
17 treasurer on or before the fifth day of each month. Upon request from the
18 director of the Arizona health care cost containment system administration,
19 the state treasurer shall require that up to three months' payments be made
20 in advance, if necessary.

21 G. The state treasurer shall deposit the amounts paid pursuant to
22 subsection F of this section and amounts withheld pursuant to subsection E of
23 this section in the Arizona health care cost containment system fund
24 established by section 36-2913.

25 H. If payments made pursuant to subsection F of this section exceed
26 the amount required to meet the costs incurred by the Arizona health care
27 cost containment system for the hospitalization and medical care of a person
28 who is defined as an eligible person pursuant to section 36-2901, paragraph
29 6, subdivision (a), the director of the Arizona health care cost containment
30 system administration may instruct the state treasurer either to reduce
31 remaining payments to be paid pursuant to this section by a specified amount
32 or to provide to the counties specified amounts from the Arizona health care
33 cost containment system fund.

34 I. The amount of the county contribution to the Arizona health care
35 cost containment system fund established by section 36-2913 shall not exceed
36 thirty-three ~~per cent~~ PERCENT of the amount that the system administration
37 expended in the county for fiscal year 1983-1984. For the purposes of this
38 subsection, system administration expenditures in a county for fiscal year
39 1983-1984 are the total capitation and fee for service amounts paid by the
40 system administration to providers in a county before February 1, 1986 for
41 services rendered during fiscal year 1983-1984 to persons eligible for the
42 system.

43 J. The state treasurer shall deposit the monies withheld from the
44 counties and contributed by the state pursuant to subsection B of this
45 section in the long-term care system fund established by section 36-2913, in

1 twelve equal monthly installments. The monthly installments shall be
2 deposited in the fund by the state treasurer by the fourth working day of
3 each month.

4 K. By July 1 or within sixty days after enactment of the annual
5 appropriation for the maintenance and operation of the Arizona health care
6 cost containment system, whichever is later, and after consulting with the
7 joint legislative budget committee and the governor's office of strategic
8 planning and budgeting, the state treasurer shall notify each county of the
9 amount to be withheld pursuant to subsection B of this section.

10 L. If the monies deposited in the long-term care system fund pursuant
11 to subsection J of this section are insufficient to meet the funding
12 requirement as specified in the annual appropriation for the maintenance and
13 operation of the Arizona health care cost containment system pursuant to
14 subsection B of this section, the state treasurer shall withhold from any
15 other monies payable to that county from any available state funding source,
16 other than the highway user revenue fund, the amount required to fulfill
17 fifty ~~per-cent~~ PERCENT of the funding requirement and shall deposit the
18 monies in the long-term care system fund. The state shall pay the remaining
19 fifty ~~per-cent~~ PERCENT of the funding requirement.

20 M. If any monies in the funds for the purpose of title 36, chapter 29,
21 article 2 remain unexpended at the end of the fiscal year, the director of
22 the Arizona health care cost containment system administration shall specify
23 to the state treasurer the amount to be withdrawn from the long-term care
24 system fund. Of the amount specified, the state treasurer shall distribute
25 fifty ~~per-cent~~ PERCENT to the counties pursuant to subsection B or C of this
26 section. The remaining fifty ~~per-cent~~ PERCENT shall be distributed to the
27 state.

28 N. The board of supervisors of a county that is a program contractor
29 pursuant to section 36-2940 shall include in its annual budget, subject to
30 title 42, chapter 17, articles 2 and 3, monies received from the Arizona
31 health care cost containment system fund and long-term care system fund for
32 the purposes of title 36, chapter 29, article 2.

33 O. Notwithstanding any law to the contrary, beginning in fiscal year
34 2005-2006 and in each fiscal year thereafter, the state treasurer shall
35 withhold a total of two million three hundred ninety-five thousand four
36 hundred dollars for the county contribution for the administrative costs of
37 implementing sections 36-2901.01 and 36-2901.04 beginning with the second
38 monthly distribution of transaction privilege tax revenues otherwise
39 distributable after subtracting any amounts withheld for the county long-term
40 care contribution. Beginning in fiscal year 2006-2007, the state treasurer
41 shall adjust the amount withheld according to the annual changes in the GDP
42 price deflator and as calculated by the joint legislative budget committee
43 staff. Beginning in fiscal year 2006-2007, the joint legislative budget
44 committee shall calculate an additional adjustment of the allocation required
45 by this subsection based on changes in the population as reported by the

1 ~~office of employment and population statistics~~ GOVERNOR'S ECONOMIC
2 OPPORTUNITY OFFICE. For the purposes of this subsection, "GDP price
3 deflator" has the same meaning prescribed in section 41-563. Each county's
4 annual contribution is as follows:

- 5 1. Apache, 3.296 ~~per cent~~ PERCENT.
- 6 2. Cochise, 6.148 ~~per cent~~ PERCENT.
- 7 3. Coconino, 6.065 ~~per cent~~ PERCENT.
- 8 4. Gila, 2.491 ~~per cent~~ PERCENT.
- 9 5. Graham, 1.7710 ~~per cent~~ PERCENT.
- 10 6. Greenlee, 0.455 ~~per cent~~ PERCENT.
- 11 7. La Paz, 0.9430 ~~per cent~~ PERCENT.
- 12 8. Mohave, 7.079 ~~per cent~~ PERCENT.
- 13 9. Navajo, 4.640 ~~per cent~~ PERCENT.
- 14 10. Pima, 42.168 ~~per cent~~ PERCENT.
- 15 11. Pinal, 8.251 ~~per cent~~ PERCENT.
- 16 12. Santa Cruz, 1.950 ~~per cent~~ PERCENT.
- 17 13. Yavapai, 7.794 ~~per cent~~ PERCENT.
- 18 14. Yuma, 6.949 ~~per cent~~ PERCENT.

19 P. The state treasurer shall deposit the amounts paid pursuant to
20 subsection 0 of this section in the budget neutrality compliance fund
21 established by section 36-2928.

22 Q. Beginning in fiscal year 2006-2007 for a county that is subject to
23 section 12-269, the county's contributions pursuant to this section shall be
24 reduced by the amount of state aid for probation services that the county
25 would have received in the first fiscal year in which the county does not
26 receive state aid for probation services. Any increase in the county's
27 contributions in subsequent years shall be reduced according to its
28 proportionate share of the base contribution. County contributions shall be
29 reduced in the following priority:

- 30 1. First as applied to the contribution provided for in subsection 0
31 of this section.
- 32 2. Second as applied to the contribution provided for in subsection A
33 of this section or any other contribution for acute care or for the provision
34 of hospitalization and medical care that would otherwise be required.
- 35 3. Third as applied to the contribution provided for in subsection C
36 of this section.

37 R. Beginning in fiscal year 2007-2008 for a county that is subject to
38 section 22-117, subsection D, the county's contributions pursuant to this
39 section shall be reduced by the amount of the state reimbursement that the
40 county would have received in fiscal year 2007-2008 for the salaries of
41 justices of the peace pursuant to section 22-117, subsection B. Any increase
42 in the county's contributions in subsequent years shall be reduced according
43 to its proportionate share of the base contribution. County contributions
44 shall be reduced in the following priority:

1 enrollment count. The undergraduate credit hour threshold shall not apply to
2 degree programs that require credit hours above the credit hour threshold,
3 credits earned in the pursuit of up to two baccalaureate degrees, credits
4 earned in the pursuit of up to two state regulated licensures or
5 certificates, credits earned in the pursuit of teaching certification,
6 credits transferred from a private institution of higher education, credits
7 transferred from an institution of higher education in another state, credits
8 earned at another institution of higher education but that are not accepted
9 as transfer credits at the university where the student is currently enrolled
10 and credits earned by students who enroll at a university under the
11 jurisdiction of the board more than twenty-four months after the end of that
12 student's previous enrollment at a public institution of higher education in
13 this state. On or before October 15 of each year, the board shall report to
14 the joint legislative budget committee the number of in-state students and
15 out-of-state students who were enrolled at universities under the
16 jurisdiction of the board during the previous fiscal year who met or exceeded
17 the undergraduate credit hour threshold prescribed in this paragraph. The
18 amount of tuition, registration fees and other revenues included in the
19 operating budget for the university adopted by the board as prescribed in
20 paragraph 13 of this subsection shall be deposited, pursuant to sections
21 35-146 and 35-147. All other tuition and fee revenue shall be retained by
22 each university for expenditure as approved by the board, except that the
23 universities shall not use any tuition or fee revenue to fund or support an
24 alumni association.

25 6. Except as provided in subsection I of this section, adopt rules to
26 govern its tuition and fee setting process that provide for the following:

27 (a) At least one public hearing at each university as an opportunity
28 for students and members of the public to comment on any proposed increase in
29 tuition or fees.

30 (b) Publication of the notice of public hearing at least ten days
31 ~~prior to~~ BEFORE the hearing in a newspaper of general circulation in Maricopa
32 county, Coconino county and Pima county. The notice shall include the date,
33 time and location of the public hearing.

34 (c) Public disclosure by each university of any proposed increases in
35 tuition or fees at least ten days ~~prior to~~ BEFORE the public hearing.

36 (d) Final board action on changes in tuition or fees shall be taken by
37 roll call vote.

38 The procedural requirements of subdivisions (a), (b), (c) and (d) of this
39 paragraph apply only to those changes in tuition or fees that require board
40 approval.

41 7. Pursuant to section 35-115, submit a budget request for each
42 institution under its jurisdiction that includes the estimated tuition and
43 fee revenue available to support the programs of the institution as described
44 in the budget request. The estimated available tuition and fee revenue shall
45 be based on the tuition and registration fee rates in effect at the time the

1 budget request is submitted with adjustments for projected changes in
2 enrollment as provided by the board.

3 8. Establish curriculums and designate courses at the several
4 institutions that in its judgment will best serve the interests of this
5 state.

6 9. Award such degrees and diplomas on the completion of such courses
7 and curriculum requirements as it deems appropriate.

8 10. Prescribe qualifications for admission of all students to the
9 universities. The board shall establish policies for guaranteed admission
10 that assure fair and equitable access to students in this state from public,
11 private and charter schools and homeschools. For the purpose of determining
12 the qualifications of honorably discharged veterans, veterans are those
13 persons who served in the armed forces for a minimum of two years and who
14 were previously enrolled at a university or community college in this state.
15 No prior failing grades received by the veteran at the university or
16 community college in this state may be considered.

17 11. Adopt any energy conservation standards promulgated by the
18 department of administration for the construction of new buildings.

19 12. Employ for such time and purposes as the board requires attorneys
20 whose compensation shall be fixed and paid by the board. Litigation to which
21 the board is a party and for which self-insurance is not provided may be
22 compromised or settled at the direction of the board.

23 13. Adopt annually an operating budget for each university equal to
24 the sum of appropriated general fund monies and the amount of tuition,
25 registration fees and other revenues approved by the board and allocated to
26 each university operating budget.

27 14. In consultation with the state board of education and other
28 education groups, develop and implement a program to award honors
29 endorsements to be affixed to the high school diplomas of qualifying high
30 school pupils and to be included in the transcripts of pupils who are awarded
31 endorsements. The board shall develop application procedures and testing
32 criteria and adopt testing instruments and procedures to administer the
33 program. In order to receive an honors endorsement, a pupil must demonstrate
34 an extraordinary level of knowledge, skill and competency as measured by the
35 testing instruments adopted by the board in mathematics, English, science and
36 social studies. Additional subjects may be added at the determination of the
37 board. The program is voluntary for pupils.

38 15. Require the publisher of each literary and nonliterary textbook
39 used in the universities of this state to furnish computer software in a
40 standardized format when software becomes available for nonliterary textbooks
41 to the Arizona board of regents from which braille versions of the textbooks
42 may be produced.

43 16. Require universities that provide a degree in education to require
44 courses that are necessary to obtain a provisional structured English
45 immersion endorsement as prescribed by the state board of education.

1 17. Acquire United States flags for each classroom that are
2 manufactured in the United States and that are at least two feet by three
3 feet and hardware to appropriately display the United States flags, acquire a
4 legible copy of the Constitution of the United States and the Bill of Rights,
5 display the flags in each classroom in accordance with title 4 of the United
6 States Code and display a legible copy of the Constitution of the United
7 States and the Bill of Rights adjacent to the flag.

8 18. To facilitate the transfer of military personnel and their
9 dependents to and from the public schools of this state, pursue, in
10 cooperation with the state board of education, reciprocity agreements with
11 other states concerning the transfer credits for military personnel and their
12 dependents. A reciprocity agreement entered into pursuant to this paragraph
13 shall:

14 (a) Address procedures for each of the following:

15 (i) The transfer of student records.

16 (ii) Awarding credit for completed course work.

17 (iii) Permitting a student to satisfy the graduation requirements
18 prescribed in section 15-701.01 through the successful performance on
19 comparable exit-level assessment instruments administered in another state.

20 (b) Include appropriate criteria developed by the state board of
21 education and the Arizona board of regents.

22 19. Require a university to publicly post notices of all of its
23 employment openings, including the title and description, instructions for
24 applying and relevant contact information.

25 20. In consultation with the community college districts in this
26 state, develop and implement common equivalencies for specific levels of
27 achievement on advanced placement examinations and international
28 baccalaureate examinations in order to award commensurate postsecondary
29 academic credits at community colleges and public universities in this state.

30 21. On or before August 1 of each year, report to the joint
31 legislative budget committee the graduation rate by university campus during
32 the previous fiscal year. The board shall also report the retention rate by
33 university campus and by class, as determined by date of entry during the
34 previous fiscal year.

35 B. The board shall adopt personnel policies for all employees of the
36 board and the universities.

37 C. In conjunction with the auditor general, the board shall develop a
38 uniform accounting and reporting system, which shall be reviewed by the joint
39 legislative budget committee before final adoption by the board. The board
40 shall require each university to comply with the uniform accounting and
41 reporting system.

42 D. The board may employ legal assistance in procuring loans for the
43 institutions from the United States government. Fees or compensation paid
44 for such legal assistance shall not be a claim on the general fund of this
45 state but shall be paid from funds of the institutions.

1 E. The board shall approve or disapprove any contract or agreement
2 entered into by the university of Arizona hospital with the Arizona ~~health~~
3 ~~facilities~~ INDUSTRIAL DEVELOPMENT authority.

4 F. The board may adopt policies that authorize the institutions under
5 its jurisdiction to enter into employment contracts with nontenured employees
6 for periods of more than one year but not more than five years. The policies
7 shall prescribe limitations on the authority of the institutions to enter
8 into employment contracts for periods of more than one year but not more than
9 five years, including the requirement that the board approve the contracts.

10 G. The board may adopt a plan or plans for employee benefits that
11 allow for participation in a cafeteria plan that meets the requirements of
12 the United States internal revenue code of 1986.

13 H. The board may establish a program for the exchange of students
14 between the universities under the jurisdiction of the board and colleges and
15 universities located in the state of Sonora, Mexico. Notwithstanding
16 subsection A, paragraph 5 of this section, the program may provide for
17 in-state tuition at the universities under the jurisdiction of the board for
18 fifty Sonoran students in exchange for similar tuition provisions for up to
19 fifty Arizona students enrolled or seeking enrollment in Sonoran colleges or
20 universities. The board may direct the universities to work in conjunction
21 with the Arizona-Mexico commission to coordinate recruitment and admissions
22 activities.

23 I. Subsection A, paragraph 6, subdivisions (a), (b), (c) and (d) of
24 this section do not apply to fee increases that are set by individual
25 universities and that do not require approval by the Arizona board of regents
26 before the fee increase becomes effective.

27 J. The Arizona board of regents, in collaboration with the
28 universities under its jurisdiction, shall adopt a performance funding model.
29 The performance funding model shall use performance metrics that include the
30 increase in degrees awarded, the increase in completed student credit hours
31 and the increase in externally generated research and public service funding.
32 The funding formula may give added weight to degrees related to science,
33 technology, engineering and mathematics and other high-value degrees that are
34 in short supply or that are essential to this state's long-term economic
35 development strategy.

36 K. The Arizona board of regents shall use the performance funding
37 model adopted pursuant to subsection J of this section in developing and
38 submitting budget requests for the universities under its jurisdiction.

39 L. On or before November 1 of each year, the Arizona board of regents
40 shall submit to the joint legislative budget committee and the governor's
41 office of strategic planning and budgeting a report on university debt and
42 obligations, including:

- 43 1. Long-term notes and obligations.
- 44 2. Certificates of participation and other obligations pursuant to any
45 lease-purchase agreements.

1 3. Revenue bonds.

2 4. Bonds issued pursuant to section 15-1682.03.

3 M. The report issued pursuant to subsection L of this section shall
4 contain, for the most recent fiscal year:

5 1. The aggregate level of outstanding principal and the principal and
6 interest payments, by type of debt or obligation.

7 2. An itemization, by campus and project, of the amount of yearly
8 principal and interest to be paid in the most recent and the next five fiscal
9 years.

10 N. The board may enter into an intergovernmental agreement pursuant to
11 section 15-1747 to manage universities under its jurisdiction subject to the
12 terms of the reciprocity agreement.

13 O. For the purposes of this section, "university debt and obligations"
14 means debt and obligations, the principal and interest of which are paid in
15 whole or in part with university monies.

16 Sec. 5. Title 23, chapter 4, article 5, Arizona Revised Statutes, is
17 amended by adding sections 23-722.03 and 23-722.04, to read:

18 23-722.03. Memorandum of understanding; retention; use;
19 definition

20 A. THE DEPARTMENT SHALL ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH
21 THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE TO ESTABLISH WORKFORCE DATA
22 STEWARDSHIP PURSUANT TO SECTION 41-5403 TO SUPPORT THE EVALUATION OF
23 WORKFORCE AND EDUCATION PROGRAMS AND THE DEVELOPMENT OF LABOR MARKET
24 INFORMATION.

25 B. THE DEPARTMENT OF ECONOMIC SECURITY, THE DEPARTMENT OF EDUCATION
26 AND THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE SHALL NOTIFY ALL APPLICANTS OF
27 AND PARTICIPANTS IN WORKFORCE INNOVATION AND OPPORTUNITY ACT (P.L. 113-128;
28 128 STAT. 1425) PROGRAMS FOR WHICH THIS STATE HAS REPORTING, MONITORING OR
29 EVALUATION RESPONSIBILITIES THAT INFORMATION OBTAINED ON APPLICATION AND
30 DURING PARTICIPATION MAY BE USED TO EVALUATE PROGRAM EFFECTIVENESS AND TO
31 CONDUCT RESEARCH OF THE LABOR MARKET.

32 C. ALL WORKFORCE EVALUATION SYSTEM RESEARCH PRODUCTS PRODUCED WITH THE
33 USE OF UNEMPLOYMENT INSURANCE INFORMATION MUST BE SUBMITTED TO THE GOVERNOR'S
34 ECONOMIC OPPORTUNITY OFFICE FOR ARCHIVAL PURPOSES. RESEARCH PRODUCTS THAT DO
35 NOT CONTAIN PERSONALLY IDENTIFIABLE INFORMATION MUST BE MADE AVAILABLE TO THE
36 PUBLIC, AND THE SECRETARY OF STATE SHALL HOLD THIS INFORMATION FOR LONG-TERM
37 RETENTION.

38 D. FOR THE PURPOSES OF THIS SECTION, "RESEARCH PRODUCTS" MEANS THE
39 STATISTICAL ANALYSES AND REPORTS THAT ARE PRODUCED BY STATE ENTITIES WITH THE
40 USE OF UNEMPLOYMENT INSURANCE INFORMATION PURSUANT TO SECTION 23-722.04

41 23-722.04. Unemployment insurance information; disclosure;
42 violation; classification

43 A. THE DEPARTMENT OR THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE MAY
44 DISCLOSE UNEMPLOYMENT INSURANCE INFORMATION TO THE FOLLOWING ENTITIES:

1 1. ANY FEDERAL, STATE OR LOCAL GOVERNMENTAL AGENCY IN THE
2 INVESTIGATION OF FRAUD RELATING TO PUBLIC PROGRAMS OR THE MISUSE OF PUBLIC
3 MONIES.

4 2. DIVISIONS OF THE DEPARTMENT, INCLUDING THE EMPLOYMENT AND
5 REHABILITATION SERVICES ADMINISTRATIONS, FOR PROGRAM AND RESEARCH PURPOSES.

6 3. THE WORKFORCE ARIZONA COUNCIL FOR PROGRAM PERFORMANCE, REGIONAL
7 PLANNING AND OTHER PROGRAM AND RESEARCH PURPOSES.

8 4. THE DEPARTMENT OF EDUCATION TO EVALUATE ADULT EDUCATION PROGRAM
9 PERFORMANCE AND FOR OTHER PRIMARY AND ADULT EDUCATION PROGRAM AND RESEARCH
10 PURPOSES.

11 5. UNIVERSITIES UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS
12 AND COMMUNITY COLLEGE DISTRICTS TO EVALUATE PROGRAM PERFORMANCE AND FOR OTHER
13 PROGRAM AND RESEARCH PURPOSES.

14 6. THE UNITED STATES DEPARTMENT OF LABOR, OR ITS AGENTS, OR THE UNITED
15 STATES CENSUS BUREAU, OR ITS AGENTS, AS REQUIRED BY LAW OR IN CONNECTION WITH
16 THE REQUIREMENTS IMPOSED AS A RESULT OF RECEIVING FEDERAL FUNDING.

17 7. DEPARTMENT CONTRACTORS OR SUBCONTRACTORS, OR THEIR AGENTS, AS THE
18 DEPARTMENT DEEMS NECESSARY TO CARRY OUT ITS STATUTORY FUNCTIONS. THIS
19 DISCLOSURE MUST BE CONSISTENT WITH THIS SECTION.

20 B. ON THE REQUEST OF ONE OF THE ENTITIES PRESCRIBED IN SUBSECTION A OF
21 THIS SECTION TO THE DEPARTMENT OR THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE,
22 THE DEPARTMENT OR THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE SHALL DISCLOSE
23 UNEMPLOYMENT INSURANCE INFORMATION TO THE ENTITY PURSUANT TO GUIDELINES
24 ESTABLISHED BY THE WORKFORCE DATA TASK FORCE ESTABLISHED BY SECTION 41-5404
25 AND PURSUANT TO A WRITTEN DATA SHARING AGREEMENT WITH THE REQUESTING ENTITY
26 IN A FORM DETERMINED BY THE WORKFORCE DATA TASK FORCE PURSUANT TO THE LAWS OF
27 THIS STATE AND APPLICABLE FEDERAL REGULATIONS. THE DEPARTMENT OR THE
28 GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE MAY DISCLOSE THE UNEMPLOYMENT
29 INSURANCE INFORMATION ONLY AFTER THE REQUESTING ENTITY HAS DEMONSTRATED THAT
30 THE INFORMATION WILL BE KEPT CONFIDENTIAL, EXCEPT FOR THOSE PURPOSES FOR
31 WHICH THE INFORMATION WAS PROVIDED TO THE REQUESTING ENTITY, AND THAT THE
32 REQUESTING ENTITY HAS SECURITY SAFEGUARDS IN PLACE TO PREVENT THE
33 UNAUTHORIZED DISCLOSURE OF THE INFORMATION.

34 C. EXCEPT AS OTHERWISE ALLOWED BY LAW OR AS OTHERWISE AUTHORIZED BY
35 AGREEMENT BETWEEN THE DEPARTMENT OF ECONOMIC SECURITY AND THE UNITED STATES
36 DEPARTMENT OF LABOR, THE DEPARTMENT OF ECONOMIC SECURITY OR THE GOVERNOR'S
37 ECONOMIC OPPORTUNITY OFFICE MAY NOT USE FEDERAL UNEMPLOYMENT INSURANCE GRANT
38 MONIES TO PAY FOR ANY COSTS INCURRED IN PROCESSING AND HANDLING REQUESTS FOR
39 DISCLOSURE OF UNEMPLOYMENT INSURANCE INFORMATION. THE DEPARTMENT AND THE
40 GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE, IN CONSULTATION WITH THE WORKFORCE
41 DATA TASK FORCE, SHALL ESTABLISH A RATE STRUCTURE THAT COMPLIES WITH 20 CODE
42 OF FEDERAL REGULATIONS SECTION 603.8 FOR COSTS INCURRED IN PROCESSING
43 REQUESTS FOR DISCLOSURE OF UNEMPLOYMENT INSURANCE INFORMATION.

44 D. THE REQUESTING ENTITY MAY NOT MAKE PUBLIC ANY UNEMPLOYMENT
45 INSURANCE INFORMATION THAT IDENTIFIES AN INDIVIDUAL OR THE INDIVIDUAL'S

1 EMPLOYER. ANY UNAUTHORIZED DISCLOSURE, INCLUDING SECURITY BREACHES, SHALL BE
2 REPORTED TO THE DEPARTMENT AND THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE
3 IMMEDIATELY. ANY PERSON WHO KNOWINGLY DISCLOSES CONFIDENTIAL UNEMPLOYMENT
4 INSURANCE INFORMATION IN VIOLATION OF THIS SECTION WITHOUT PRIOR WRITTEN
5 AUTHORIZATION FROM THE DEPARTMENT OR THE GOVERNOR'S ECONOMIC OPPORTUNITY
6 OFFICE OR AUTHORIZATION AS OTHERWISE PROVIDED BY LAW IS GUILTY OF A CLASS 3
7 MISDEMEANOR.

8 E. THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE MAY USE UNEMPLOYMENT
9 INSURANCE INFORMATION TO PERFORM ECONOMIC ANALYSIS, FOR THE DEVELOPMENT OF
10 LABOR MARKET INFORMATION AND A STATE WORKFORCE EVALUATION DATA SYSTEM AND FOR
11 OTHER PROGRAM AND RESEARCH PURPOSES.

12 F. THIS SECTION DOES NOT PROHIBIT DISCLOSURE THAT IS REQUIRED OR
13 ALLOWED BY FEDERAL LAW.

14 Sec. 6. Section 28-332, Arizona Revised Statutes, is amended to read:

15 28-332. Department of transportation jurisdiction; duties;
16 divisions

17 A. The exclusive control and jurisdiction over state highways, state
18 routes, state owned airports and all state owned transportation systems or
19 modes are vested in the department of transportation.

20 B. The department shall:

21 1. Register motor vehicles and aircraft, license drivers, collect
22 revenues, enforce motor vehicle and aviation statutes and perform related
23 functions.

24 2. Do multimodal state transportation planning, cooperate and
25 coordinate transportation planning with local governments and establish an
26 annually updated priority program of capital improvements for all
27 transportation modes.

28 3. Design and construct transportation facilities in accordance with a
29 priority plan and maintain and operate state highways, state owned airports
30 and state public transportation systems.

31 4. Investigate new transportation systems and cooperate with and
32 advise local governments concerning the development and operation of public
33 transit systems.

34 5. Have administrative jurisdiction of transportation safety programs
35 and implement them in accordance with applicable law.

36 C. In order to carry out the responsibilities enumerated in subsection
37 B of this section, the department is organized into the following divisions:

38 1. Motor vehicle.

39 2. Transportation planning.

40 3. Highways.

41 4. Aeronautics.

42 5. Public transit.

43 6. Administrative services.

44 D. The director may do any of the following:

1 1. Establish divisions in addition to those prescribed in subsection
2 C of this section.

3 2. Reorganize the department.

4 3. Consolidate the department.

5 ~~E. The department shall provide general administrative support,~~
6 ~~equipment and office and meeting space to the Arizona international~~
7 ~~development authority established by title 41, chapter 45.~~

8 Sec. 7. Section 28-6547, Arizona Revised Statutes, is amended to read:

9 28-6547. Safety enforcement and transportation infrastructure
10 fund; exemption from lapsing

11 A. The safety enforcement and transportation infrastructure fund is
12 established. The fund consists of monies deposited pursuant to sections
13 28-2321, 28-2324, 28-2325, 28-5474, 28-5739, 28-5863 and 28-5864. The
14 department shall administer the fund.

15 B. Subject to legislative appropriation, monies in the fund shall be
16 spent on the following:

17 1. Enforcement of vehicle safety requirements by the department of
18 public safety and the department of transportation within twenty-five miles
19 of the border between Arizona and Mexico.

20 2. Costs related to the procurement of electronic equipment, automated
21 systems or improvements to existing electronic equipment or automated systems
22 for relieving vehicle congestion at ports of entry on the border between this
23 state and Mexico.

24 3. Construction, maintenance and upgrades of transportation
25 facilities, including roads, streets and highways, approved by the board
26 within twenty-five miles of the border between Arizona and Mexico.

27 4. As approved by the board, construction and maintenance of
28 transportation facilities in the CANAMEX high priority corridor as defined in
29 section 332 of the national highway system designation act of 1995
30 (P.L. 104-59; 109 Stat. 596-597).

31 5. Activities of the department that include the collection of
32 transportation and trade data in the United States and Mexico for the
33 purposes of constructing transportation facilities, improving public safety,
34 improving truck processing time and relieving congestion at ports of entry on
35 the border between Arizona and Mexico. The department may enter into an
36 agreement with the Arizona-Mexico commission and provide funding to the
37 commission for the purposes contained in this paragraph.

38 6. A commitment or investment necessary for the department or another
39 agency of this state to obtain federal monies that are designated for
40 expenditure pursuant to this section.

41 C. If the department of transportation determines that activities
42 proposed by the Arizona department of homeland security may improve traffic
43 safety in this state, the department of transportation may enter into an
44 agreement with, and provide, subject to legislative appropriation, fund

1 monies to the Arizona department of homeland security for the purposes
2 contained in this subsection.

3 ~~D. If the department determines that activities proposed by the~~
4 ~~Arizona international development authority for planning, development and~~
5 ~~construction of transportation facilities on the border between Arizona and~~
6 ~~Mexico may improve traffic safety in this state, the department may enter~~
7 ~~into an agreement with, and provide, subject to legislative appropriation,~~
8 ~~fund monies to the Arizona international development authority for the~~
9 ~~purposes contained in this subsection.~~

10 ~~E.~~ D. On notice from the department, the state treasurer shall invest
11 and divest monies in the fund as provided by section 35-313, and monies
12 earned from investment shall be credited to the fund.

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

15 Sec. 8. Section 35-701, Arizona Revised Statutes, is amended to read:

16 **35-701. Definitions**

17 In this chapter, unless the context otherwise requires:

18 1. "Corporation" means any corporation organized as an authority as
19 provided in this chapter.

20 2. "Governing body" means:

21 (a) The board or body in which the general legislative powers of the
22 municipality or the county are vested.

23 (b) The Arizona board of regents with respect to a corporation formed
24 with the permission of the Arizona board of regents.

25 (c) **THE ARIZONA FINANCE AUTHORITY BOARD OF DIRECTORS ESTABLISHED BY**
26 **TITLE 41, CHAPTER 53, ARTICLE 2.**

27 3. "Income" means gross earnings from wages, salary, commissions,
28 bonuses or tips from all jobs, net earnings from such person's or family's
29 own nonfarm business, professional practice or partnership, and net earnings
30 from such person's or family's own farm. Income includes income, other than
31 earnings, that consists of amounts received from social security or railroad
32 retirement, interest, dividends, veterans payments, pensions and other
33 regular payments, public assistance or welfare payments, including aid for
34 dependent children, old age assistance and aid to the blind or persons with
35 total disability, but excluding separate payments for hospital or other
36 medical care.

37 4. "Manufactured house" means a structure that is manufactured in a
38 factory after June 15, 1976, that is delivered to a homesite in more than one
39 section and that is placed on a permanent foundation. The dimensions of the
40 completed house shall not be less than twenty feet by forty feet, the roof
41 must be sloping, the siding and roofing must be the same as those found in
42 site-built houses and the house must be eligible for thirty year real estate
43 mortgage financing.

44 5. "Municipality" or "county" means **THE ARIZONA FINANCE AUTHORITY**, the
45 Arizona board of regents or any incorporated city or town, including charter

1 cities, or any county in this state in which a corporation may be organized
2 and in which it is contemplated the corporation will function.

3 6. "Persons of low and moderate income" means, for the purposes of
4 financing owner-occupied single family dwelling units in areas that the
5 municipality has found, pursuant to section 36-1479, to be slum or blighted
6 areas, as defined in section 36-1471, persons and families whose income does
7 not exceed two and one-half times the median family income of this state. In
8 all other areas it means persons and families whose income does not exceed
9 one and one-half times the median family income of this state.

10 7. "Project" means any land, any building or any other improvement and
11 all real and personal properties, including machinery and equipment whether
12 or not now in existence or under construction and whether located within or
13 without this state or the municipality or county approving the formation of
14 the corporation, that are suitable for any of the following:

15 (a) With respect to a corporation formed with the permission of THE
16 ARIZONA FINANCE AUTHORITY, a municipality or A county other than the Arizona
17 board of regents:

18 (i) Any enterprise for the manufacturing, processing or assembling of
19 any agricultural or manufactured products.

20 (ii) Any commercial enterprise for the storing, warehousing,
21 distributing or selling of products of agriculture, mining or industry, or of
22 processes related thereto, including research and development.

23 (iii) A health care institution as defined in section 36-401.

24 (iv) Residential real property for dwelling units located within the
25 municipality or county approving the formation of the corporation and, in the
26 case of a county, whether or not also within a municipality that is within
27 the county.

28 (v) Repairing or rehabilitating single family dwelling units or
29 constructing or repairing residential fences and walls.

30 (vi) Convention or trade show facilities.

31 (vii) Airports, docks, wharves, mass commuting facilities, parking
32 facilities or storage or training facilities directly related to any of the
33 facilities as provided in this item.

34 (viii) Sewage or solid waste disposal facilities or facilities for the
35 furnishing of electric energy, gas or water.

36 (ix) Industrial park facilities.

37 (x) Air or water pollution control facilities.

38 (xi) Any educational institution that is operated by a nonprofit
39 educational organization that is exempt from taxation under section 501(c)(3)
40 of the United States internal revenue code and that is not otherwise funded
41 by state monies, any educational institution or organization that is
42 established under title 15, chapter 1, article 8 and that is owned by a
43 nonprofit organization, any private nonsectarian school or any private
44 nonsectarian organization established for the purpose of funding a joint
45 technical education school district.

- 1 (xii) Research and development facilities.
- 2 (xiii) Any commercial enterprises, including facilities for
- 3 manufacturing, office, recreational, hotel, motel and service uses.
- 4 (xiv) A child welfare agency, as defined in section 8-501, owned and
- 5 operated by a nonprofit organization.
- 6 (xv) A transportation facility constructed or operated pursuant to
- 7 title 28, chapter 22.
- 8 (xvi) A museum operated by a nonprofit organization.
- 9 (xvii) Facilities owned or operated by a nonprofit organization
- 10 described in section 501(c) of the United States internal revenue code of
- 11 1986.
- 12 (xviii) New or existing correctional facilities within this state.

13 (b) With respect to a corporation formed with the permission of the
14 Arizona board of regents, any facility consisting of classrooms, lecture
15 halls or conference centers or any facility for research and development or
16 for manufacturing, processing, assembling, marketing, storing and
17 transferring items developed through or connected with research and
18 development or in which the results of such research and development are
19 utilized, but only if the facility is located in an area designated as a
20 research park by the Arizona board of regents.

21 8. "Property" means any land, improvements thereon, buildings and any
22 improvements thereto, machinery and equipment of any and all kinds necessary
23 to a project and any other personal properties deemed necessary in connection
24 with a project.

25 9. "Research park" means an area of land that has been designated by
26 the Arizona board of regents as a research park for a university and that, at
27 the date of designation, is owned by this state or by the Arizona board of
28 regents.

29 10. "Single family dwelling unit" includes any new, used or
30 manufactured house that meets the insuring requirements of the federal
31 housing administration, the United States department of veterans affairs or
32 any other insuring entity of the United States government or any private
33 mortgage insurance or surety company that is approved by the federal home
34 loan mortgage corporation or the federal national mortgage association.

35 Sec. 9. Section 35-702, Arizona Revised Statutes, is amended to read:
36 35-702. Proceedings to incorporate industrial development
37 authority

38 A. Whenever any number of natural persons, not less than three, each
39 of whom is a qualified elector of the municipality or the county or, in the
40 case of a corporation to be formed with the permission of **THE ARIZONA FINANCE**
41 **AUTHORITY OR** the Arizona board of regents, qualified electors of this state,
42 file with any governing body thereof an application in writing seeking
43 permission to apply for the incorporation of an industrial development board
44 of ~~such~~ **THE** municipality or county, ~~such~~ **THE** governing body shall consider
45 ~~such~~ **THE** application. If the governing body by resolution finds and

1 determines that it is wise, expedient, necessary or advisable that the
2 corporation be formed and authorizes the persons making ~~such~~ THE application
3 to form ~~such~~ THE corporation, then the persons making ~~such~~ THE application
4 shall proceed to incorporate as prescribed by this chapter. ~~No~~ A corporation
5 may NOT be formed unless ~~such~~ THE application first has been filed with the
6 governing body having jurisdiction and the governing body adopts a resolution
7 as provided in this section. Any ~~such~~ corporation when formed shall be a
8 political subdivision of ~~the~~ THIS state and have only ~~such~~ THE governmental
9 powers as are set forth in this chapter, ~~OR~~ in chapter 6 of this title and
10 the power to enter into intergovernmental agreements in accordance with title
11 11, chapter 7, article 3.

12 B. Only one ~~such~~ corporation shall be approved by a municipality or
13 county for operation at any time.

14 Sec. 10. Section 35-703, Arizona Revised Statutes, is amended to read:
15 35-703. Articles of incorporation of industrial development
16 authority

17 In addition to the requirements of title 10, the articles of
18 incorporation shall set forth:

19 1. The names and residences of the applicants, together with a recital
20 that each of them is a qualified elector of the municipality or the county
21 or, in the case of a corporation to be formed with the permission of THE
22 ARIZONA FINANCE AUTHORITY OR the Arizona board of regents, a qualified
23 elector of this state.

24 2. The name of the corporation, which shall be "the industrial
25 development authority of the _____ of _____," (the blank
26 spaces to be filled in with the name of the municipality or THE county). IN
27 THE CASE OF A CORPORATION FORMED WITH THE PERMISSION OF THE ARIZONA FINANCE
28 AUTHORITY THE NAME SHALL BE THE "ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY".
29 In the case of a corporation formed with the permission of the Arizona board
30 of regents the name shall be the "Arizona research park authority".

31 3. A recital that permission to organize the authority has been
32 granted by resolution duly adopted by the governing body of the municipality
33 or county and the date of the adoption of such resolution.

34 4. The location of the principal office of the authority, which shall
35 be in the municipality or county. In the case of a corporation formed with
36 the permission of the Arizona board of regents the principal office of the
37 corporation shall be the principal office of the Arizona board of regents.
38 IN THE CASE OF A CORPORATION FORMED WITH THE PERMISSION OF THE ARIZONA
39 FINANCE AUTHORITY, THE ARIZONA FINANCE AUTHORITY IS THE PRINCIPAL OFFICE OF
40 THE CORPORATION.

41 Sec. 11. Section 35-705, Arizona Revised Statutes, is amended to read:
42 35-705. Board of directors

43 The authority shall have a board of directors in which all powers of
44 the authority shall be vested and ~~which~~ THAT shall consist of any number of
45 directors, not less than three nor more than nine, all of whom shall be duly

1 qualified electors of the municipality or county with respect to which the
2 authority was formed. In the case of a corporation formed with the
3 permission of the Arizona board of regents the directors must be qualified
4 electors of this state. **IN THE CASE OF A CORPORATION FORMED WITH THE**
5 **PERMISSION OF THE ARIZONA FINANCE AUTHORITY, THE ARIZONA FINANCE AUTHORITY**
6 **BOARD SHALL SERVE AS THE BOARD OF THE INDUSTRIAL DEVELOPMENT AUTHORITY.** The
7 directors shall serve ~~as such~~ without compensation, except that ~~they~~ **THE**
8 **DIRECTORS** shall be reimbursed for their actual expenses incurred in the
9 performance of their duties in the same manner as is provided for other state
10 officers. ~~No~~ A director shall **NOT** be an officer or employee of the
11 authorizing municipality or county. All directors shall declare any conflict
12 of interest as provided in title 38, chapter 3, article 8. The directors
13 shall be elected by the governing body of the authorizing municipality or
14 county, and they shall be so elected that they shall hold office for
15 overlapping terms. At the time of the election of the first board of
16 directors the governing body of the municipality or the county shall divide
17 the directors into three groups containing as nearly equal whole numbers as
18 possible. The first term of the directors included in the first group shall
19 be two years, the first term of the directors included in the second group
20 shall be four years, the first term of the directors included in the third
21 group shall be six years, and thereafter the terms of all directors shall be
22 six years. The governing body may remove a director at any time, with or
23 without cause.

24 Sec. 12. Section 35-706, Arizona Revised Statutes, is amended to read:
25 **35-706. Corporate powers**

26 A. In addition to the powers granted to an industrial development
27 authority by law, the authority has the following powers, together with all
28 powers incidental or necessary for the performance of those powers:

29 1. To acquire, whether by purchase, exchange, gift, lease or otherwise
30 establish, construct, improve, maintain, equip and furnish one or more
31 projects.

32 2. To lease to others any or all of its projects, to charge and
33 collect rent and to terminate any lease on the failure of the lessee to
34 comply with any of the obligations of the lease.

35 3. To sell, exchange, donate and convey to others any or all of its
36 projects or properties on terms and conditions as its board of directors may
37 deem advisable, including the power to receive for any sale the note or notes
38 of the purchaser of the project or property, whenever its board of directors
39 finds the action to further advance the interest of the corporation.

40 4. To issue its bonds for the purpose of carrying out any of its
41 powers.

42 5. To mortgage and pledge any or all of its projects and properties,
43 whether owned or acquired, and to pledge the revenues, proceeds and receipts
44 or any portion of the revenues, proceeds and receipts from a project as

1 security for the payment of the principal of and interest on any bonds so
2 issued and any agreements made in connection therewith.

3 6. To contract with and employ others to provide and to pay
4 compensation for professional services and other services as the board of
5 directors deems necessary for the financing of projects and for the business
6 of the corporation.

7 7. To refund outstanding obligations incurred by an enterprise to
8 finance the cost of a project when the board of directors finds that the
9 refinancing is in the public interest.

10 8. To invest and reinvest funds under the control of the corporation
11 and bond proceeds pending application thereof to the purposes for which the
12 bonds were issued, subject only to the provisions of any bond resolution,
13 lease or other agreement entered into by the board of directors.

14 9. To make secured or unsecured loans for the purpose of financing or
15 refinancing the acquisition, construction, improvement, equipping or
16 operating of a project and to charge and collect interest on the loans and
17 pledge the proceeds of loan agreements as security for the payment of the
18 principal and interest of any bonds, or designated issues of bonds, issued by
19 the corporation, and any agreements made in connection with the loan,
20 whenever the board of directors finds the loans to further advance the
21 interest of the corporation or the public.

22 10. To acquire and hold obligations of any kind to carry out any of
23 its purposes.

24 11. Subject to this section, to make loans to any bank, savings and
25 loan institution, credit union or other mortgage lender, whether organized or
26 existing under the laws of this state, another state or the United States,
27 that is qualified to do business in this state, for the purpose of enabling
28 the institutions to make loans to finance the acquisition, construction,
29 improvement or equipping of projects that are owner-occupied single family
30 dwelling units to be occupied by persons of low and moderate income, as
31 determined by the corporation. The loans shall be fully secured in the same
32 manner as deposits of public funds or by loans secured by mortgages, deeds of
33 trust or other security instruments guaranteed or insured by the United
34 States, or any instrumentality thereof, or by any private mortgage insurance
35 or surety company that is approved by the federal home loan mortgage
36 corporation or the federal national mortgage association and that is licensed
37 to do business in this state, if the private mortgage insurance shall be in a
38 dollar amount sufficient to satisfy the mortgage insurance requirements for
39 loans eligible to be purchased by the federal home loan mortgage corporation
40 or the federal national mortgage association or any other agency or
41 department of the United States. The security shall not be necessary if the
42 bonds issued to make the loans are guaranteed or insured by an agency,
43 department or instrumentality of the United States. Any bonds issued to make
44 loans shall be ratable as "A" or better by a nationally recognized bond
45 rating agency.

1 12. Subject to this section, to purchase or enter into advance
 2 commitments to purchase loans or any loan interests secured by mortgages,
 3 deeds of trust or other security instruments relating to projects that are
 4 owner-occupied single family dwelling units from or with any bank, savings
 5 and loan institution, credit union or other mortgage lender, whether
 6 organized or existing under the laws of this state, another state or the
 7 United States, that is qualified to do business in this state, on terms and
 8 conditions as may be determined by the corporation. The purpose of the
 9 purchases shall be to finance directly or indirectly the acquisition,
 10 construction, improvement or equipping of projects that are owner-occupied
 11 single family dwelling units to be occupied by persons of low and moderate
 12 income. If the bonds issued to make purchases are not guaranteed or insured
 13 by an agency, department or instrumentality of the United States or secured
 14 by a letter of credit, insurance policy, surety bond or other credit facility
 15 from a financial institution or a combination of such instruments, the
 16 purchased loans shall be guaranteed or insured by the United States or any
 17 agency, department, or instrumentality thereof, or by any private mortgage
 18 insurance or surety company that is approved by the federal home loan
 19 mortgage corporation or the federal national mortgage association or secured
 20 by a letter of credit, insurance policy, surety bond or other credit facility
 21 from a financial institution or a combination of such instruments. In the
 22 case of private mortgage insurance, the insurance shall be in a dollar amount
 23 sufficient to satisfy the mortgage insurance requirements for loans eligible
 24 to be purchased by the federal home loan mortgage corporation or the federal
 25 national mortgage association or any other agency or department of the United
 26 States. Any bonds issued to purchase loans shall be ratable as "A" or better
 27 by a nationally recognized bond rating agency. If the purchased loans have
 28 not been originated on behalf of the corporation to directly finance
 29 projects, the corporation shall require that the institution receiving
 30 proceeds from the sale of the loans use the proceeds to make loans to finance
 31 or refinance the acquisition, construction, improvement or equipping of
 32 projects that are owner-occupied single family dwelling units to be occupied
 33 by persons of low and moderate income, as determined by the corporation.

34 13. To elect not to issue an amount of qualified mortgage revenue
 35 bonds which it may otherwise issue during any calendar year and to issue
 36 instead mortgage credit certificates pursuant to a qualified mortgage credit
 37 certificate program as defined in section 35-901.

38 14. To make loans to any person or entity owning residential property
 39 or to make loans to any bank, savings and loan association, credit union or
 40 other mortgage lender, or to purchase or enter into advance commitments to
 41 purchase funding for the repair or improvement of property related to
 42 residential or neighborhood improvement projects. An authority may issue its
 43 bonds or incur other obligations to fund loans or purchases. An authority
 44 shall establish the provisions relating to bonds or other obligations,

1 including the security for the loans, and shall establish the guidelines for
2 the approval, funding, purchasing and security of the loans.

3 15. To enter into contracts and execute any agreements or instrument
4 and do any other act necessary or appropriate to carry out its purposes.

5 16. To exercise the powers granted by this chapter, including through
6 the issuance of bonds, to provide financing or refinancing for projects other
7 than a project as defined in section 35-701, paragraph 7, subdivision (a),
8 item (ii), located in whole or in part outside this state, provided that the
9 board of directors of the corporation has determined that the exercise of
10 such powers will provide a benefit within this state.

11 B. The corporation shall not have the power to operate any project as
12 a business other than as lessor or seller nor shall any corporation make any
13 loans pursuant to subsection A, paragraph 9 of this section for projects that
14 are owner-occupied single family dwelling units except by utilizing as its
15 contract agent a mortgage lender, whether organized or existing under the
16 laws of this state, another state or the United States, that is qualified to
17 do business in this state. Any project established pursuant to subsection A,
18 paragraph 14 of this section is not required to use a mortgage lender as its
19 contract agent. The corporation shall not permit any funds derived from the
20 sale of its bonds to be used, loaned or provided for the acquisition of any
21 facilities of a public utility or public service corporation, except as
22 provided in section 35-701. The corporation shall comply with title 38,
23 chapter 3, article 3.1.

24 C. A person's or family's eligibility for an owner-occupied single
25 family dwelling unit financed pursuant to subsection A, paragraph 11, 12 or
26 13 of this section shall be determined by considering the person's or
27 family's income. Owner-occupied single family dwelling units shall only be
28 financed as provided in subsection A, paragraphs 11, 12 and 13 of this
29 section unless the owner-occupied single family dwelling units are located in
30 an area designated pursuant to section 36-1479 as a slum or blighted area as
31 defined in section 36-1471 by a municipality having a population of more than
32 two hundred fifty thousand persons according to the most recent United States
33 decennial census or a special census conducted in accordance with section
34 42-5033.

35 D. In the exercise of its powers authorized in this section with
36 respect to projects that are owner-occupied single family dwelling units to
37 be occupied by persons of low and moderate income and financed pursuant to
38 subsection A, paragraphs 11 and 12 of this section, the corporation shall
39 establish, subject to approval by the governing body of the authorizing
40 county or municipality, standards and requirements applicable to the purchase
41 of loans or the making of loans to mortgage lenders, including:

42 1. The eligibility of mortgage lenders, including the requirement that
43 all mortgage lenders be approved as mortgagees by the federal housing
44 administration and the United States department of veterans affairs and be

- 1 approved as sellers and servicers of mortgage loans by the federal national
2 mortgage association or federal home loan mortgage corporation.
- 3 2. The time within which mortgage lenders must make commitments and
4 disbursements for mortgage loans.
- 5 3. The character of residences to be financed by mortgage loans.
- 6 4. The eligibility of persons of low and moderate income, including
7 the requirement that no person of low and moderate income may receive, more
8 than once in a three year period, a mortgage loan financed directly or
9 indirectly from the proceeds of bonds issued by the corporation.
- 10 5. The terms and conditions of mortgage loans to be acquired.
- 11 6. The amounts and types of insurance coverage required on residences,
12 mortgages and bonds.
- 13 7. The representations and warranties of mortgage lenders confirming
14 compliance with the standards and requirements.
- 15 8. Restrictions as to interest rate and other terms of mortgage loans
16 and the return realized on mortgage loans by mortgage lenders.
- 17 9. The type and amount of collateral security to be provided to assure
18 repayment of any loans from the corporation and to assure repayment of bonds.
- 19 10. Assignment of the mortgage loans to a trustee acting on behalf of
20 the corporation which shall be either a bank or trust company doing business
21 in this state, having an officially reported combined capital surplus,
22 undivided profits and reserves of not less than fifteen million dollars.
23 Trustees must be approved to sell mortgages to and service mortgages for the
24 federal national mortgage association and the federal home loan mortgage
25 corporation.
- 26 11. Any other matters related to the purchase of mortgage loans or the
27 making of loans to mortgage lenders deemed relevant by the corporation. In
28 establishing standards and requirements, the corporation shall be guided by
29 the following standards:
- 30 (a) The amount of mortgage monies proposed to be made available in the
31 area is to be reasonably related to the demand for mortgage monies.
- 32 (b) For projects of owner-occupied single family dwelling units to be
33 occupied by persons of low and moderate income and financed pursuant to
34 subsection A, paragraphs 11 and 12 of this section, at least ten percent of
35 all mortgage monies proposed to be made available by the corporations other
36 than mortgage monies reserved for any period to finance mortgage loans on
37 residences located within an area designated as a slum or blighted area as
38 defined in section 36-1471 shall be reserved for at least a three month
39 period for the financing of mortgage loans on manufactured housing unless the
40 Arizona commerce authority determines that any bonds issued to make loans
41 will not be ratable as "A" or better by a nationally recognized bond rating
42 agency, in which case no such reservation is required. If all the mortgage
43 monies reserved for manufactured housing are not committed or used to make
44 mortgage loans during this three month period, the mortgage lender may

1 allocate the remaining monies to finance mortgage loans on any single family
2 dwelling unit.

3 (c) Any departure from the level of commitment fees, origination fees
4 or servicing fees normally charged by a mortgage lender is to be justified in
5 the context of the transaction.

6 (d) The costs, fees and expenditures associated with the issuance of
7 bonds are to be reasonably related to the services provided.

8 E. Only corporations, the formations of which have been approved by
9 the governing body of a county having a population of more than seven percent
10 of the total state population ~~computed according to the most recent United~~
11 ~~States decennial census~~ or by the governing body of a municipality having a
12 population of more than seven percent of the total state population ~~computed~~
13 ~~according to the most recent United States decennial census~~, shall have the
14 powers granted in subsection A, paragraphs 11, 12 and 13 of this section.
15 ~~Except as provided in section 35-913, subsections E and F,~~ A corporation
16 shall not exercise the powers granted in subsection A, paragraphs 11, 12 and
17 13 of this section outside of its jurisdiction. For the purposes of a
18 refunding of any mortgage revenue bond issued before January 1, 2000, the
19 proceeds from the refunding may be used outside the jurisdiction of the
20 corporation issuing the refunding bonds except the corporation issuing the
21 refunding bonds shall obtain the consent from another corporation with powers
22 granted in subsection A, paragraphs 11, 12 and 13 of this section if the
23 proceeds of the refunding are to be used within the jurisdiction of that
24 corporation. For the purposes of exercising the powers granted in
25 subsection A, paragraphs 11, 12 and 13 of this section, the jurisdiction of a
26 corporation formed on behalf of a county includes all incorporated and
27 unincorporated territory in the county.

28 F. A corporation may not permit proceeds of bonds or a qualified
29 mortgage credit certificate program to be used to finance projects that are
30 owner-occupied single family dwelling units within the corporate limits of an
31 incorporated city or town unless the governing body of the city or town has
32 approved the general location and character of the residences to be financed.
33 The corporation, prior to the issuance of bonds or mortgage credit
34 certificates for that purpose, shall give written notice to the governing
35 body of each city or town in which it intends to permit proceeds of an issue
36 of bonds or mortgage credit certificates to be used to finance projects that
37 are owner-occupied single family dwelling units and of the general location
38 and character of the residences that may be financed. The governing body of
39 the city or town shall be deemed to have given its approval unless it has
40 denied approval by formal action of the governing body within twenty-one days
41 after receiving the written notice from the corporation. Approvals given or
42 deemed to have been given with respect to use of proceeds of an issue of
43 bonds or mortgage credit certificates under this subsection may not be
44 withdrawn. Denials may be withdrawn by the governing body of a city or town

1 and approval may be given thereafter if the corporation issuing the bonds or
2 mortgage credit certificates approves the withdrawal of the denial.

3 G. Two or more corporations with the powers granted by subsection E of
4 this section may provide:

5 1. That a corporation, the formation of which was approved by the
6 governing body of a county or city, may exercise the powers granted in
7 subsection A, paragraphs 11, 12 and 13 of this section, with respect to
8 owner-occupied single family dwelling units located in all counties and
9 cities that are parties to a cooperative agreement.

10 2. For the joint exercise by two or more corporations, each formed
11 with the approval of a governing body executing the cooperative agreement, of
12 the powers granted in subsection A, paragraphs 11, 12 and 13 of this section,
13 with respect to owner-occupied single family dwelling units located in all
14 counties and cities that are parties to the cooperative agreement. The
15 agreement shall specify the calendar year or years for which it is effective,
16 the means by which the agreement may be terminated prior to the expiration of
17 the calendar year or years and the aggregate principal amount of bonds that
18 may be issued by the designated corporation or corporations to exercise the
19 powers pursuant to the agreement. The corporation or corporations designated
20 in the agreement to exercise the powers in the counties and cities that are
21 parties to the agreement are the only corporation or corporations authorized
22 and having jurisdiction to exercise the powers and to issue bonds to carry
23 out the powers in the counties and cities while the agreement is in effect.
24 The combined jurisdictions of all the counties and cities that are parties to
25 the cooperative agreement are the jurisdictions of the corporation or
26 corporations designated to exercise the powers granted in subsection A,
27 paragraphs 11, 12 and 13 of this section within the meaning of the mortgage
28 subsidy bond tax act of 1980 (P.L. 96-499; 26 United States Code section
29 103A).

30 H. It shall not be a conflict of interest under title 38, chapter 3,
31 article 8, and this chapter, for any trustee or any mortgage lender to enter
32 into loan agreements with, or to sell mortgage loans to, the corporation as
33 contemplated in subsection A, paragraphs 11, 12 and 13 of this section, act
34 for or under contract with the corporation as a mortgage originator,
35 servicer, paying agent or depository, act as holder or dealer of bonds of the
36 corporation or have as a director, officer or employee any member of the
37 board of directors of the corporation or any combination.

38 I. The department of economic security shall once in each calendar
39 year on or before March 1 determine the median family income of this state
40 for the purposes of this chapter.

41 J. All areas in this state that are either designated pursuant to
42 section 36-1479 as slum or blighted areas as defined in section 36-1471 or
43 designated as pockets of poverty by the United States department of housing
44 and urban development are designated as areas of chronic economic distress

1 within the meaning of the mortgage subsidy bond tax act of 1980 (P.L. 96-499;
2 26 United States Code section 103A).

3 K. Any corporation that is described in subsection E of this section
4 and that desires to exercise the powers granted in subsection A, paragraphs
5 11, 12 and 13 of this section, with respect to owner-occupied single family
6 dwelling units located in two or more counties, may do so if the corporation,
7 before issuing bonds or mortgage credit certificates for that purpose, gives
8 written notice to the governing bodies of the other counties and their
9 respective corporations, if any, of its intent to permit the proceeds of an
10 issue of bonds or mortgage credit certificates to finance projects within its
11 jurisdiction that are owner-occupied single family dwelling units. The
12 governing body of a county and its respective corporation, if any, that have
13 been given notice are deemed to have approved the use of the proceeds or
14 mortgage credit certificates for owner-occupied single family dwelling units
15 within their jurisdiction and approved the use of any state ceiling, as
16 defined in section 35-901, unless approval is denied by formal action of the
17 governing body or the board of directors of the corporation, if any, within
18 twenty-one days after receiving written notice from the corporation. Absent
19 a denial of approval as stated in this subsection, a cooperative agreement
20 providing for the exercise of the powers granted in subsection A, paragraphs
21 11, 12 and 13 of this section is deemed to exist among the applicable
22 counties or corporations. Approvals given or deemed to have been given with
23 respect to the matters stated in this subsection may not be withdrawn.
24 Denials by the governing body of a county apply only to the unincorporated
25 areas of the county. Denials may be withdrawn by the governing body of a
26 county and approval may be given thereafter if the corporation issuing the
27 bonds or mortgage credit certificates approves the withdrawal of the denial.
28 Mortgage credit certificates and bond proceeds issued pursuant to this
29 subsection shall be available on an equitable basis within each of the
30 participating counties.

31 L. The corporation within thirty days shall ~~upon~~ ON actual notice
32 notify the governing body of:

33 1. Any lawsuit filed against the corporation related to the issuance
34 of bonds.

35 2. Any formal investigation of the corporation initiated by the United
36 States securities and exchange commission.

37 Sec. 13. Section 35-721, Arizona Revised Statutes, is amended to read:
38 35-721. Bonds of the corporation

39 A. All principal and interest of bonds issued by the corporation shall
40 be payable solely out of the revenues, proceeds and receipts derived from the
41 corporation's sale of property, loan repayments or lease rentals, or out of
42 the proceeds of bonds issued hereunder, or of any revenues, proceeds and
43 receipts thereof as shall be specified in the proceedings of the board of
44 directors under which the bonds shall be authorized to be issued.

1 B. The proceedings under which such bonds are to be issued shall
2 require the approval of the governing body of each issuance of bonds.
3 C. The bonds prescribed by subsection A OF THIS SECTION may:
4 1. Be executed and delivered by the corporation at any time and from
5 time to time.
6 2. Be in such form and denominations and of such tenor and maturities.
7 3. Be in registered or bearer form either as to principal or interest
8 or both.
9 4. Be payable in such installments and at such time or times not
10 exceeding forty years from the date thereof.
11 5. Be payable at such place or places within or without ~~the state of~~
12 ~~Arizona~~ THIS STATE.
13 6. Bear interest at such rate or rates, payable at such time or times
14 and at such place or places and evidenced in such manner.
15 7. Be executed by such officers of the corporation and in such manner,
16 and may contain such provisions not inconsistent herewith, all as shall be
17 provided in the proceedings of the board of directors whereunder the bonds
18 are authorized to be issued.
19 D. If deemed advisable by the board of directors, there may be
20 retained in the proceedings under which any bonds of the corporation are
21 authorized to be issued an option to redeem all or any part thereof as may be
22 specified in such proceedings, at such price or prices and after such notice
23 or notices and on such terms and conditions as may be set forth in such
24 proceedings and as may be briefly recited on the face of the bonds, but
25 nothing in this article shall be construed to confer on the corporation any
26 right or option to redeem any bonds except as may be provided in the
27 proceedings under which they shall be issued.
28 E. Any bonds of the corporation may be sold at public or private sale
29 in such manner and from time to time as may be determined by the board of
30 directors of the corporation to be most advantageous, and the corporation may
31 pay all expenses, premiums and commissions which its board of directors may
32 deem necessary or advantageous in connection with the issuance thereof.
33 Issuance by the corporation of one or more series of bonds for one or more
34 purposes shall not preclude it from issuing other bonds in connection with
35 the same project or any other project, but the proceedings whereunder any
36 subsequent bonds may be issued shall recognize and protect any prior pledge
37 or mortgage made for any prior issue of bonds. Any bonds of the corporation
38 at any time outstanding may at any time and from time to time be refunded by
39 the corporation by the issuance of its refunding bonds in such amount as the
40 board of directors may deem necessary but not exceeding an amount sufficient
41 to refund the principal of the bonds so to be refunded, together with any
42 unpaid interest thereon and any premiums and commissions necessary to be paid
43 in connection therewith. Any such refunding may be effected whether the
44 bonds to be refunded shall have then matured or shall thereafter mature,
45 either by sale of the refunding bonds and the application of the proceeds

1 thereof for the payment of the bonds to be refunded thereby, or by the
2 exchange of the refunding bonds for the bonds to be refunded thereby with the
3 consent of the holders of the bonds so to be refunded, and regardless of
4 whether or not the bonds to be refunded were issued in connection with the
5 same projects or separate projects, and regardless of whether or not the
6 bonds proposed to be refunded shall be payable at the same date or different
7 dates or shall be due serially or otherwise. All such bonds and the interest
8 coupons applicable thereto are hereby made and shall be construed to be
9 negotiable instruments.

10 F. ~~UNLESS THE CORPORATION WAS APPROVED BY THE ARIZONA FINANCE~~
11 ~~AUTHORITY~~, the corporation shall notify the attorney general of its intention
12 to issue bonds. Such notification shall adequately describe the project.
13 The attorney general shall inform the corporation within ten days if in ~~his~~
14 ~~THE ATTORNEY GENERAL'S~~ opinion the project sought to be financed does not
15 come within the purview of this chapter. If after ten days the attorney
16 general has not issued an opinion that the project does not so conform, the
17 corporation may issue such bonds. If the attorney general's negative opinion
18 is issued within ten days, such bonds shall not be issued. ~~No~~ Action shall
19 ~~NOT~~ be brought questioning the legality of any contract, lease, mortgage,
20 proceedings or the issuance of bonds hereunder from and after ninety calendar
21 days ~~from~~ ~~AFTER~~ the date the bonds are authorized to be issued by the
22 governing body.

23 Sec. 14. Section 35-722, Arizona Revised Statutes, is amended to read:
24 35-722. Approval by elected official if required by federal law

25 The governor, ~~OR~~ the attorney general, or the state treasurer if
26 designated by the governor, may approve the issuance of any bonds issued by a
27 corporation formed with the permission of ~~THE ARIZONA FINANCE AUTHORITY OR~~
28 the Arizona board of regents for purposes of complying with federal laws
29 requiring approval by an applicable elected representative.

30 Sec. 15. Section 35-726, Arizona Revised Statutes, is amended to read:
31 35-726. Approval of general plan before issuing bonds; fee;
32 definition

33 A. Bonds shall not be issued by a corporation for the purpose of
34 financing single family dwelling units pursuant to section 35-706, subsection
35 A, paragraph 11 or 12 without approval of a general plan by its governing
36 body. The corporation shall submit a general plan for each respective series
37 of bonds to its governing body. The general plan shall briefly describe:

- 38 1. The amount of the proposed bonds.
- 39 2. The maximum term of the bonds.
- 40 3. The maximum interest rate on the bonds.
- 41 4. The need for the bond issue.
- 42 5. The terms and conditions for originating or purchasing mortgage
43 loans or making loans to lenders.
- 44 6. The area in which the single family dwelling units to be financed
45 may be located.

1 7. The proposed fees, charges and expenditures to be paid for
2 originators, servicers, trustees, custodians, mortgage administrators and
3 others.

4 8. All insurance requirements with respect to mortgage loans,
5 mortgaged property, mortgagors, originators, servicers and trustees.

6 9. The anticipated date of issuance of the bonds.

7 B. The governing body shall review general plans submitted by
8 corporations pursuant to subsection A of this section. In reviewing the
9 plans the governing body shall consider:

10 1. Whether the amount of the mortgage monies proposed to be made
11 available is reasonably related to the demand for the mortgage monies.

12 2. Whether the terms of the general plan are justifiable in the
13 context of the transaction and in the context of similar transactions.

14 3. Whether the fees, costs and expenditures as set forth in the
15 general plan are reasonably related to the services provided.

16 4. For projects of owner-occupied single family dwelling units to be
17 occupied by persons of low and moderate income and financed pursuant to
18 section 35-706, subsection A, paragraphs 11 and 12, whether the proposed
19 mortgage monies to be made available will fulfill a public purpose by
20 providing housing for persons of low and moderate income or by encouraging
21 single family developments in all participating jurisdictions, including such
22 jurisdictions' slum or blighted areas as defined in section 36-1471.

23 C. The governing body shall approve or disapprove the general plan not
24 later than thirty days after receipt of the plan. If the governing body does
25 not act ~~upon~~ ON the general plan within thirty days ~~from~~ AFTER the date of
26 receipt, the general plan shall be deemed approved. If a general plan is
27 approved, the corporation may issue the series of bonds covered by the
28 general plan with a total principal amount, maximum term and maximum interest
29 rate no greater than that which is set forth in the general plan. The
30 origination and servicing fees pertaining to mortgage loans to be financed in
31 accordance with the general plan shall not exceed those proposed in the
32 general plan. The corporation may vary other items in the general plan ~~upon~~
33 ON a finding that the variation is minor and that the variations will not
34 impair the security for the bonds or substantially increase the cost of
35 financing the single family dwelling units and the findings of the
36 corporation shall be conclusive.

37 D. The governing body may charge any corporation submitting a general
38 plan for review a fee of not to exceed ten thousand dollars together with
39 reimbursement of its actual costs and expenses incurred in reviewing the
40 general plan.

41 E. Except for a corporation approved by THE ARIZONA FINANCE AUTHORITY
42 OR a governing body of a county or a municipality having a population of more
43 than seven ~~per cent~~ PERCENT of the total state population ~~computed according~~
44 ~~to the most recent United States decennial census~~, a corporation shall not
45 issue bonds, other than refunding bonds the proceeds of which are used

1 exclusively to refund a prior bond issue, to finance a multifamily
2 residential rental project, sanitarium, clinic, medical hotel, rest home,
3 nursing home, skilled nursing facility or life care facility as prescribed in
4 section 20-1801, unless the department approves the project. The department,
5 with or without a hearing, shall review the project and consider at least the
6 following factors:

7 1. The demand for and feasibility of the project in the area set forth
8 in the application to the corporation.

9 2. The terms and conditions of the proposed bonds.

10 3. The proposed use of bond proceeds.

11 4. The benefit to the public if the project provides rental housing
12 for persons of low and moderate income or encourages rental housing in slum
13 or blighted areas as defined in section 36-1471.

14 5. If the project consists of a nursing home, or a life care facility
15 as prescribed in section 20-1801, the benefit to the public of the project,
16 including the proposed rent, fees and other charges of the project in
17 relation to the level of services to be offered.

18 F. Subsection E of this section does not apply to bonds issued to
19 finance:

20 1. A sanitarium, clinic, medical hotel, rest home, nursing home,
21 skilled nursing facility, or life care facility as prescribed in section
22 20-1801, if the facility is to be owned and operated by this state or a
23 political subdivision or agency of this state.

24 2. A nursing home, rest home, skilled nursing facility, life care
25 facility or senior residential facility providing on-site medical and support
26 services if the facility is owned and operated by a nonprofit organization
27 that is exempt from taxation under section 501(c)(3) of the United States
28 internal revenue code.

29 G. Except for a corporation that is exempt under subsection E of this
30 section, the department with or without a hearing shall approve or disapprove
31 the project not later than thirty days after receipt of the request for
32 approval. If the project is approved the corporation may issue the bonds
33 described in the approval request with the total principal amount, maximum
34 term and maximum interest rate no greater than as set forth in the
35 request. The department shall charge each applicant submitting a project
36 approval request pursuant to this subsection a fee of not to exceed five
37 thousand dollars together with reimbursement of its actual costs and expenses
38 incurred in reviewing the project. ~~Beginning on October 1, 2002,~~ The
39 department shall remit the fees to the state treasurer for deposit in the
40 Arizona department of housing program fund established by section 41-3957.

41 H. For the purposes of this section, "department" means the Arizona
42 department of housing.

1 Sec. 16. Section 35-751, Arizona Revised Statutes, is amended to read:
2 35-751. Earnings of the corporation and exemption from
3 restrictions

4 A. The corporation shall be a nonprofit corporation, and no part of
5 its net earnings remaining after payment of its expenses shall inure to the
6 benefit of any individual, firm or corporation.

7 B. A project shall be exempt from any requirement of competitive
8 bidding or other restrictions imposed on the procedure for the financing of
9 public improvements or the award of contracts for the construction of public
10 improvements and shall also be exempt from any restrictions imposed on
11 municipalities, counties or political subdivisions relating to the leasing,
12 sale or other disposition of property or funds.

13 C. AT THE END OF EACH FISCAL YEAR, THE ARIZONA INDUSTRIAL DEVELOPMENT
14 AUTHORITY SHALL TRANSFER ALL UNENCUMBERED MONIES IN EXCESS OF THE AUTHORITY'S
15 OPERATING COSTS TO THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE OPERATIONS FUND
16 ESTABLISHED BY SECTION 41-5302.

17 Sec. 17. Section 35-761, Arizona Revised Statutes, is amended to read:
18 35-761. Cooperation with public bodies

19 For the purposes of carrying out the intent and provisions of this
20 chapter, the AUTHORIZING governing body ~~of a municipality or county~~ may enter
21 into cooperative agreements with ANY OTHER governing bodies ~~of any other~~
22 ~~municipality or county~~ or with a state or any department or agency thereof,
23 or with the United States or with any agency, department, or instrumentality
24 thereof.

25 Sec. 18. Section 35-762, Arizona Revised Statutes, is amended to read:
26 35-762. Reviewing entities: approval of developments:
27 coordination; definitions

28 A. Any reviewing entity exercising its statutory duties in connection
29 with a project may agree with any other reviewing entity to share
30 information, coordinate review schedules or jointly conduct reviews.

31 B. A reviewing entity, in its discretion, may cooperate in the review
32 of a project financing by adopting in whole or in part substantially similar
33 review work performed on the project financing by another reviewing entity
34 that is also charged with review of the project financing if the review work
35 completed by the other entity meets the standards of the reviewing entity.

36 C. A reviewing entity that adopts in whole or in part review work
37 performed on the project financing by another reviewing entity is deemed for
38 all purposes to have complied with its review responsibilities as if the
39 review work had been performed by the reviewing entity itself.

40 D. For the purposes of this section:

41 1. "Project" means a nursing home, rest home, skilled nursing
42 facility, senior residential facility providing on-site medical and support
43 services or life care facility owned and operated by a nonprofit organization
44 that is exempt from taxation under section 501(c)(3) of the United States
45 internal revenue code that is seeking debt financing pursuant to this

1 chapter, ~~OR~~ a permit pursuant to title 20, chapter 8 ~~or bond financing~~
2 ~~pursuant to title 36, chapter 4.2.~~

3 2. "Reviewing entity" means an industrial development authority formed
4 pursuant to this chapter, a governing body approving the formation of an
5 industrial development authority, ~~the Arizona health facilities authority~~ or
6 the department of insurance.

7 Sec. 19. Section 35-901, Arizona Revised Statutes, is amended to read:
8 35-901. Definitions

9 In this chapter, unless the context otherwise requires:

10 1. "Authority" means the Arizona ~~commerce~~ FINANCE authority
11 ESTABLISHED BY TITLE 41, CHAPTER 53, ARTICLE 2.

12 2. "BOARD" MEANS THE BOARD OF DIRECTORS OF THE AUTHORITY.

13 ~~2-~~ 3. "Bond" means any obligation that is subject to the provisions
14 of section 146 of the code, excluding obligations that received a
15 carry-forward allocation in a prior year.

16 ~~3-~~ 4. "Business day" means between the hours of 8:00 a.m. and 5:00
17 p.m., mountain standard time, any day of the week other than a Saturday, a
18 Sunday or a legal holiday or a day on which the authority is authorized or
19 obligated by law or executive order to close.

20 ~~4-~~ 5. "Carry-forward project" means any project receiving a
21 carry-forward allocation pursuant to section 35-907.

22 ~~5-~~ 6. "Certificate of closing" means the certificate of closing
23 adopted for use by and to be filed with the authority declaring that bonds
24 were issued or that a qualified mortgage credit certificate program has been
25 established.

26 ~~6-~~ "Chief executive officer" means the chief executive officer of the
27 authority.

28 7. "Code" means the United States internal revenue code of 1986, as
29 amended, and its applicable regulations.

30 8. "Confirmation" means the allocation confirmation that confirms an
31 allocation to a project in the form adopted for use by the authority.

32 9. "DIRECTOR" MEANS THE DIRECTOR OF THE AUTHORITY.

33 ~~9-~~ 10. "Issued" means, with respect to a bond or bonds, either of the
34 following:

35 (a) The bond or bonds have been delivered and paid for in full.

36 (b) For bonds issued pursuant to a draw-down loan for which a bond
37 purchaser has agreed to receive and pay for the bonds of the issue in
38 increments from time to time, all of the bonds are treated as issued on the
39 first date on which the aggregate principal amount of such bonds delivered
40 and paid for exceeds the lesser of fifty thousand dollars or five percent of
41 the aggregate issue price of the issue.

42 ~~10-~~ 11. "Issuer" means an entity or person issuing bonds.

43 ~~11-~~ 12. "Manufacturing project" means a project as described in
44 section 35-701, paragraph 7, subdivision (a), item (vii) or (xiii).

1 ~~12.~~ 13. "Mortgage credit certificate" means a certificate as
2 described in section 25(c)(1) of the code.
3 ~~13.~~ 14. "Nonurban area" means all areas of this state not within the
4 boundaries of the urban cities.
5 ~~14.~~ 15. "Notice of intent" means the notice of intent to be filed
6 with the authority in the form adopted for use by the authority.
7 ~~15.~~ 16. "Project" means a qualified mortgage credit certificate
8 program or any construction, acquisition, planned expenditure or other
9 activity, including all phases of a multiphased project that requests
10 allocations in the same year and including costs of issuance, capitalized
11 interest and discounts, financed with bonds and located in this state or
12 directly benefiting residents of this state. All qualified mortgage credit
13 certificate programs and qualified mortgage revenue bonds, or combinations of
14 such programs and bonds, of a single issuer or group of issuers acting
15 together, constitute a single project for the purposes of this paragraph.
16 ~~16.~~ 17. "Qualified mortgage credit certificate program" means a
17 qualified mortgage credit certificate program as described in section
18 25(c)(2) of the code.
19 ~~17.~~ 18. "Qualified mortgage revenue bonds" means an issue of bonds as
20 described in section 143(a) of the code.
21 ~~18.~~ 19. "Qualified student loan project" means an issue of bonds as
22 described in section 144(b) of the code.
23 ~~19.~~ 20. "Request" means the request for allocation to be filed with
24 the authority in the form adopted for use by the authority.
25 ~~20.~~ 21. "Security deposit" means cash, a bank cashier's check, a
26 surety bond, a letter of credit or any other form of security approved by the
27 ~~chief executive officer~~ DIRECTOR in favor of the authority that is received
28 by the authority from an issuer or user to secure or extend an allocation.
29 ~~21.~~ 22. "State ceiling" means the dollar limit of the aggregate
30 amount of private activity bonds that may be issued in this state pursuant to
31 section 146 of the code for each calendar year, beginning in 1988.
32 ~~22.~~ 23. "Tax reform act of 1986" means P.L. 99-514 enacted by the
33 ninety-ninth Congress, second session in 1986.
34 ~~23.~~ 24. "Urban city" means a city having a population of not less
35 than one hundred thousand persons according to the most recent United States
36 decennial or special census. The area of each urban city is the boundary of
37 the city as of January 1 of the current calendar year.
38 ~~24.~~ 25. "Year" means the calendar year.
39 Sec. 20. Section 35-902, Arizona Revised Statutes, is amended to read:
40 35-902. Allocation
41 A. Subject to ~~the provisions of~~ this chapter, the total amount of the
42 state ceiling is allocated among projects pursuant to this section. The
43 ~~chief executive officer~~ DIRECTOR shall issue confirmations ~~on a first come,~~
44 ~~first served basis, within any particular category of projects as described~~
45 ~~in subsection C, D, E, F or G of this section.~~

1 ~~B. Ten per cent of the state ceiling is allocated to projects that are~~
2 ~~designated at the sole discretion of the chief executive officer.~~

3 ~~C. Thirty five per cent of the state ceiling is allocated to qualified~~
4 ~~mortgage revenue bonds and qualified mortgage credit certificate programs,~~
5 ~~excluding any such bonds and certificate programs for home improvement and~~
6 ~~rehabilitation.~~

7 ~~D. Ten per cent of the state ceiling is allocated to qualified~~
8 ~~residential rental projects as described in the United States internal~~
9 ~~revenue code of 1986, thirty per cent of which shall be for rural residential~~
10 ~~rental projects for a period of at least one hundred eighty days.~~

11 ~~E. Twenty per cent of the state ceiling is allocated to qualified~~
12 ~~student loan projects.~~

13 ~~F. Fifteen per cent of the state ceiling is allocated to manufacturing~~
14 ~~projects.~~

15 ~~G. Ten per cent of the state ceiling is allocated to all projects~~
16 ~~financable through issuance of bonds that require an allocation of state~~
17 ~~ceiling and that are not described and provided for in subsections C, D, E~~
18 ~~and F of this section. Such projects include, but are not limited to,~~
19 ~~qualified mortgage revenue bonds and qualified mortgage credit certificate~~
20 ~~programs for home improvement and rehabilitation. THAT ARE IN ACCORDANCE WITH~~
21 ~~THE ALLOCATION POLICY ADOPTED BY THE BOARD. THE BOARD SHALL ADOPT AN~~
22 ~~ALLOCATION POLICY BASED ON THE ECONOMIC NEEDS OF THIS STATE AFTER RECEIVING~~
23 ~~INPUT FROM AFFECTED INDUSTRIES. THE BOARD MAY MODIFY THE ALLOCATION POLICY~~
24 ~~PURSUANT TO PROCEDURES ADOPTED BY THE BOARD.~~

25 ~~H. B.~~ A request shall not be filed and a confirmation shall not be
26 issued to a project unless the project is subject to section 146 of the
27 code. No project is deemed to have been allocated any portion of the state
28 ceiling unless, in connection with the project, ~~the provisions of~~ this
29 chapter ~~have~~ HAS been substantially complied with.

30 ~~I. C.~~ Any request on file with the authority for which a confirmation
31 ~~has not been issued by 5:00 p.m. on June 30, other than a request for an~~
32 ~~allocation pursuant to subsection B of this section, is deemed to have~~
33 ~~expired at 5:00 p.m. on June 30.~~ All or any part of any confirmation for
34 which bonds have not been issued or for which a qualified mortgage credit
35 certificate program has not been established by ~~5:00 p.m. on June 30~~ THE DATE
36 ESTABLISHED BY THE BOARD BY RULE, evidenced by the filing of a certificate of
37 closing with the authority, or for which confirmations have not been extended
38 pursuant to section 35-910, is deemed to have expired.

39 ~~J. D.~~ At any given time, an issuer, or an issuer together with one or
40 more other issuers, may not file more than one request for each
41 project. ~~Nothing in~~ This subsection ~~prohibits~~ DOES NOT PROHIBIT an issuer
42 from refileing a request for a given project if a prior request has expired or
43 filing a request for each separate and distinct project.

1 ~~K~~. E. An issuer may not transfer or assign its rights to an
2 allocation of state ceiling from one project to another project or from
3 itself to another issuer.

4 Sec. 21. Section 35-903, Arizona Revised Statutes, is amended to read:

5 35-903. Arizona finance authority designated as state registry:
6 fee

7 A. The Arizona ~~commerce~~ FINANCE authority is designated as the
8 exclusive state registry for:

9 1. Requests.

10 2. Recordation of confirmations, whether outstanding or lapsed.

11 3. Certificates of closing.

12 4. Recordation of all requests for carry-forward amounts for specific
13 projects.

14 5. Other records required for the administration of this chapter.

15 B. The authority shall develop and maintain separate lists for urban
16 cities, nonurban areas, statewide uses and the aggregate for all categories
17 that summarize all information received pursuant to subsection A ~~OF THIS~~
18 ~~SECTION~~.

19 C. Requests and confirmations adopted or issued under this chapter
20 shall be dated and numbered by the ~~chief executive officer~~ DIRECTOR in the
21 order received and issued, and each item shall be independently entered on
22 the proper list. Each list shall be composed in a manner sufficient to show,
23 at any time:

24 1. The dollar amount of confirmations outstanding and not then lapsed.

25 2. The dollar amount of the remaining allocation then available.

26 3. The amount of confirmations actually closed.

27 D. The authority may assess an application fee for processing the
28 requests.

29 Sec. 22. Section 35-904, Arizona Revised Statutes, is amended to read:

30 35-904. Obtaining and issuing confirmations

31 A. Subject to section 35-905, a confirmation allocating a portion of
32 the state ceiling to a project must be obtained before the sale or issuance
33 of bonds or mortgage credit certificates by the issuer. A confirmation may
34 be obtained by filing with the authority a request and evidence of an
35 inducement resolution or other official action taken by the issuer in
36 connection with the project. Requests filed by mail are deemed to be filed
37 with the authority at 5:00 p.m. on the day the request is actually received
38 at the authority. All requests received on the same date and at the same
39 time shall be dated and numbered by lot and confirmations to those requests
40 shall be issued in the order determined by lot.

41 B. On and after the first business day of each year, a request may be
42 prepared and filed by the issuer or on behalf of the issuer by bond counsel
43 or any other interested person.

44 C. Except as provided in section 35-902, subsection ~~I~~ C, section
45 35-909 and subsection D of this section, a confirmation ~~issued before 5:00~~

1 ~~p.m. on June 30~~ expires and no allocation is deemed to be made unless the
 2 applicable bonds have been issued or a qualified mortgage credit certificate
 3 program has been established ~~and a certificate of closing has been actually~~
 4 ~~filed, not merely postmarked, with the authority~~ no later than ninety days
 5 after the date of the confirmation or the first business day after the
 6 ninetieth day if the ninetieth day is not a business day. The confirmation
 7 may be extended as provided in section 35-910 ~~beyond such ninety day period~~
 8 ~~or 5:00 p.m. on June 30.~~

9 D. Notwithstanding subsection C of this section, a confirmation issued
 10 for a project to be funded in part with an urban development action grant to
 11 be made under section 119 of the housing and community development act of
 12 1974 (P.L. 93-383; 88 Stat. 633) or a housing development grant to be made
 13 under section 301 of the housing and urban-renewal recovery act of 1983 (P.L.
 14 98-181, title III, section 301, 97 Stat. 1196 and amended October 17, 1984,
 15 P.L. 98-479, title III, section 103, 98 Stat. 2223) expires and no allocation
 16 is deemed to be made unless the applicable bonds have been issued and a
 17 certificate of closing and evidence satisfactory to the ~~chief executive~~
 18 ~~officer~~ DIRECTOR of the commitment to make an urban development action grant
 19 or a housing development grant with respect to such project have been
 20 actually filed, not merely postmarked, with the authority ~~no later than 5:00~~
 21 ~~p.m. on December 26~~ BY THE DATE ESTABLISHED BY THE BOARD BY RULE.

22 E. Subject to this section and section 35-909, the confirmation shall
 23 ~~assure~~ ENSURE allocation in the manner prescribed by the code for a dollar
 24 amount of bonds or a qualified mortgage credit certificate program not in
 25 excess of the amount set forth in the confirmation.

26 F. The ~~chief executive officer~~ DIRECTOR shall decline to issue
 27 confirmations at such time as the aggregate amount of bonds or mortgage
 28 credit certificates allocated under all confirmations previously issued and
 29 not expired, together with the proposed issue of bonds or mortgage credit
 30 certificates as to which a request has been received, would, ~~through 5:00~~
 31 ~~p.m. on June 30,~~ exceed the respective aggregate amount allocated under
 32 section 35-902, ~~subsection C, D, E, F or G~~ for such purpose, ~~and from July 1,~~
 33 ~~exceed the aggregate amount of the state ceiling that is not allocated under~~
 34 ~~an unexpired confirmation nor within the discretion of the chief executive~~
 35 ~~officer pursuant to section 35-902, subsection B.~~ On expiration of a
 36 confirmation or release of an allocation, the ~~chief executive officer~~
 37 DIRECTOR shall issue a confirmation to the next numbered request ~~which~~ THAT
 38 is equal to or less than the then available portion of the state ceiling or
 39 to the next numbered request if the principal amount of such request is
 40 reduced to an amount equal to or less than the then available portion of the
 41 state ceiling available for such purpose. The ~~chief executive officer~~
 42 DIRECTOR may only issue a single confirmation for each request.

43 G. A confirmation made pursuant to the ~~chief executive officer's~~
 44 DIRECTOR'S discretion may be accompanied by a certificate executed by the
 45 ~~chief executive officer~~ DIRECTOR. On request, the ~~chief executive officer~~

1 DIRECTOR shall execute a certificate stating that the confirmation was not
 2 made in consideration of any bribe, gift, gratuity or direct or indirect
 3 contribution to any political campaign. The ~~chief executive officer~~ DIRECTOR
 4 may require such oaths or affirmations as the ~~chief executive officer~~
 5 DIRECTOR considers to be necessary to verify the accuracy of the certificate.

6 H. The ~~chief executive officer~~ DIRECTOR shall attempt to issue
 7 confirmations within three business days ~~of~~ AFTER receipt and shall issue
 8 confirmations in the order of receipt of fully and properly completed
 9 requests within the limitations of subsection F of this section. The
 10 authority shall notify the issuer or other contact person listed in the
 11 request in writing, by ~~telefacsimile~~ E-MAIL or by telephone of the issuance
 12 of a confirmation. The authority is not responsible for returning
 13 confirmations to the filing party. A confirmation shall be available for
 14 pickup at the authority after issuance of the confirmation.

15 Sec. 23. Section 35-905, Arizona Revised Statutes, is amended to read:

16 35-905. Restrictions on confirmations; definition

17 ~~A. Before April 1 of each year, seventy per cent of the allocation to~~
 18 ~~manufacturing projects described in section 35-902, subsection F is reserved~~
 19 ~~for manufacturing projects located in nonurban areas, and the remaining~~
 20 ~~thirty per cent of the allocation to manufacturing projects described in~~
 21 ~~section 35-902, subsection F shall be reserved for urban areas. Before~~
 22 ~~July 1 of each year, seventy per cent of the allocation available for~~
 23 ~~confirmation pursuant to the chief executive officer's discretion as~~
 24 ~~described in section 35-902, subsection B is reserved for projects located in~~
 25 ~~nonurban areas, and the remaining thirty per cent of the allocation to the~~
 26 ~~chief executive officer's discretion as described in section 35-902,~~
 27 ~~subsection B, shall be reserved for urban areas.~~

28 ~~B. A. Before December 17,~~ A confirmation shall not be allocated to a
 29 project in an amount greater than thirty-five million dollars, ~~except that~~
 30 ~~this subsection does not apply to any project that is eligible to receive an~~
 31 ~~allocation pursuant to section 35-902, subsection B, C or E UNLESS APPROVED~~
 32 ~~IN THE SOLE DISCRETION OF THE DIRECTOR.~~ For the purposes of this subsection,
 33 the amount of allocation to a project shall also include any other state
 34 ceiling allocation received by any related person to the project.

35 B. For the purposes of this ~~subsection~~ SECTION, "related person" has
 36 the same meaning as provided in section 147(a)(2) of the code, except that
 37 all references to fifty ~~per cent~~ PERCENT shall be changed to twenty-five ~~per~~
 38 ~~cent~~ PERCENT.

39 Sec. 24. Delayed repeal

40 Section ~~35-906~~, Arizona Revised Statutes, is repealed from and after
 41 December 31, 2016.

42 Sec. 25. Section 35-907, Arizona Revised Statutes, is amended to read:

43 35-907. Carry-forward allocations

44 A. Any portions of the state ceiling for which bonds have not been
 45 issued by ~~5:00 p.m. December 16~~ THE DATE ESTABLISHED BY THE BOARD BY RULE,

1 other than confirmations extended pursuant to section 35-910, ~~shall be pooled~~
2 ~~and~~ are subject to allocation by the ~~chief executive officer~~ DIRECTOR to
3 projects eligible for a carry-forward allocation under the code.

4 B. ~~Obtaining and issuing~~ A confirmation SHALL BE OBTAINED AND ISSUED
5 after ~~5:00 p.m. December 16 shall occur as provided in section 35-904,~~
6 ~~subject to the following restrictions and changes:~~

7 1. ~~A notice of intent shall be filed on or before December 15 with the~~
8 ~~authority by any issuer, bond counsel or other interested person, with~~
9 ~~respect to projects for which allocations may be carried forward pursuant to~~
10 ~~section 146 of the code. Such notice of intent shall be considered and~~
11 ~~confirmations shall be issued by the chief executive officer to the issuers~~
12 ~~on December 17. Any portions of the state ceiling for which bonds have not~~
13 ~~been issued or for which a qualified mortgage credit certificate program has~~
14 ~~not been established by 5:00 p.m. December 26 shall be allocated by the chief~~
15 ~~executive officer and confirmations shall be issued to such issuers before~~
16 ~~January 1. Issuers shall not file elections with the federal government~~
17 ~~under section 146 of the code until an allocation has been issued by the~~
18 ~~authority under this section for the bonds pertaining to a project. The~~
19 ~~failure to file a notice of intent results in the exclusion of the project~~
20 ~~from allocations to issuers of any portion of the current calendar year state~~
21 ~~ceiling.~~

22 2. ~~A security deposit equal to one per cent of the principal amount~~
23 ~~stated in the notice of intent shall be received by the authority within five~~
24 ~~days after notification by the chief executive officer that the project is~~
25 ~~eligible for a carry forward allocation. No security deposit is required if~~
26 ~~the direct beneficiary of the bonds proceeds is this state or a county, city,~~
27 ~~town or nonprofit entity, the issuer is a student loan corporation, the~~
28 ~~project includes urban development action grant or housing development grant~~
29 ~~financing, is a project described in section 1317(3)(N) of the tax reform act~~
30 ~~of 1986 or is a qualified mortgage revenue bond project or is a qualified~~
31 ~~mortgage credit certificate program or the confirmation is issued by the~~
32 ~~chief executive officer on or after December 26. The security deposit is~~
33 ~~forfeited to the authority if bonds are not issued within three years of the~~
34 ~~receipt of the deposit. THE DATE ESTABLISHED BY THE BOARD BY RULE.~~

35 Sec. 26. Section 35-908, Arizona Revised Statutes, is amended to read:

36 35-908. Principal amount of bonds issued less than confirmation

37 A confirmation is effective as to bonds or mortgage credit certificates
38 issued in lesser amounts than the principal amount set forth in the
39 confirmation. ~~, but for bonds issued after 5:00 p.m. August 1, if the~~
40 ~~principal amount of bonds issued is less than the principal amount set forth~~
41 ~~in the confirmation, a fee of one per cent of the difference between the~~
42 ~~confirmation and the principal amount of the bonds shall be paid to the~~
43 ~~authority on filing the certificate of closing unless the direct beneficiary~~
44 ~~of the bond proceeds is this state or a county, city, town or nonprofit~~
45 ~~entity, the issuer is a student loan corporation or the project includes~~

1 ~~urban development action grant or housing development grant financing, is a~~
2 ~~project described in section 1317(3)(N) of the tax reform act of 1986, is a~~
3 ~~qualified mortgage revenue bond or is a qualified mortgage credit certificate~~
4 ~~program. The failure to make such payment within ten days of the filing~~
5 ~~shall result in a retroactive cancellation of the allocation and the barring~~
6 ~~of the direct private obligor from any future allocations.~~

7 Sec. 27. Section 35-909, Arizona Revised Statutes, is amended to read:
8 35-909. Confirmation fees

9 On the earlier of three business days after notice of issuance of the
10 confirmation pursuant to section 35-904, subsection H or the filing of a
11 certificate of closing, the authority shall be paid a nonrefundable
12 confirmation fee ~~of three hundred twenty dollars per million dollars~~ **IN AN**
13 **AMOUNT TO BE DETERMINED BY THE BOARD BY RULE** for which a confirmation is
14 issued. The failure to make timely payments of the confirmation fee shall
15 result in the retroactive cancellation of the confirmation.

16 Sec. 28. Section 35-910, Arizona Revised Statutes, is amended to read:
17 35-910. Extension of confirmations

18 A. A confirmation may be extended one time for up to ninety days but
19 not later than ~~December 16~~ **THE DATE ESTABLISHED BY THE BOARD BY RULE** on
20 providing the authority with a security deposit equal to one ~~per cent~~ **PERCENT**
21 of the principal amount set forth in the confirmation. The security deposit
22 and request for extension shall be submitted to the authority before the
23 expiration of the confirmation. Except as provided in subsection B **OF THIS**
24 **SECTION**, all extensions granted pursuant to this section expire on the
25 earlier of ninety days ~~from~~ **AFTER** the date of the extension or ~~at 5:00 p.m.~~
26 ~~December 16~~ **ON THE DATE ESTABLISHED BY THE BOARD BY RULE**. No security
27 deposit is required pursuant to this section if the project is a qualified
28 student loan project, is a qualified mortgage revenue bond, is a qualified
29 mortgage credit certificate program or is for home improvement and
30 rehabilitation. ~~Requests shall not be extended.~~

31 B. A confirmation or extension of confirmation ~~which~~ **THAT** expires ~~at~~
32 ~~5:00 p.m. December 16~~ **ON THE DATE ESTABLISHED BY THE BOARD BY RULE** may be
33 extended ~~to 5:00 p.m. December 26~~ **PURSUANT TO RULE** by filing with the
34 authority ~~on or before 5:00 p.m. on December 16~~ a certificate certifying that
35 the bonds will be issued before ~~5:00 p.m. December 26~~ **THE DATE ESTABLISHED BY**
36 **THE BOARD BY RULE**, and providing the authority with an additional security
37 deposit equal to one ~~per cent~~ **PERCENT** of the principal amount stated in the
38 confirmation. All extensions granted pursuant to this subsection expire ~~at~~
39 ~~5:00 p.m. December 26~~ **PURSUANT TO RULE**.

40 C. All security deposits received by the authority pursuant to this
41 section are forfeited in favor of the authority if bonds are not issued
42 before the expiration of the extension.

43 Sec. 29. Delayed repeal

44 Section ~~35-913~~, Arizona Revised Statutes, is repealed from and after
45 December 31, 2016.

1 Sec. 30. Delayed repeal
2 Title 36, chapter 4.2, Arizona Revised Statutes, is repealed from and
3 after December 31, 2016.

4 Sec. 31. Section 37-1015, Arizona Revised Statutes, is amended to
5 read:

6 37-1015. Environmental special plate fund; distribution

7 A. An environmental special plate fund is established and is
8 administered by the commissioner consisting of monies received pursuant to
9 section 28-2413.

10 B. Subject to legislative appropriation, the department shall
11 distribute five thousand dollars annually to each natural resource
12 conservation district with an established education center for the purpose of
13 developing and implementing an environmental education program that is
14 conducted in a balanced manner, that is based on current scientific
15 information and that includes a discussion of economic and social
16 implications.

17 ~~C. Subject to legislative appropriation, the department shall~~
18 ~~distribute grants as directed pursuant to section 41-2252.~~

19 ~~D.~~ C. The fund established in this section is exempt from the
20 provisions of section 35-190 relating to lapsing of appropriations. On notice
21 from the commissioner, the state treasurer shall invest and divest monies in
22 the fund as provided by section 35-313, and monies earned from investment
23 shall be credited to the fund.

24 ~~E.~~ D. The appropriated monies shall only be used for the designated
25 purposes specified in statute.

26 Sec. 32. Section 41-1052, Arizona Revised Statutes, is amended to
27 read:

28 41-1052. Council review and approval

29 A. Before filing a final rule subject to this section with the
30 secretary of state, an agency shall prepare, transmit to the council and the
31 committee and obtain the council's approval of the rule and its preamble and
32 economic, small business and consumer impact statement that meets the
33 requirements of section 41-1055. The governor's ~~office of strategic planning~~
34 ~~and budgeting~~ **ECONOMIC OPPORTUNITY OFFICE** shall prepare the economic, small
35 business and consumer impact statement ~~if the legislature appropriates monies~~
36 ~~for this purpose.~~

37 B. The council shall accept an early review petition of a proposed
38 rule, in whole or in part, if the proposed rule is alleged to violate any of
39 the criteria prescribed in subsection D of this section and if the early
40 petition is filed by a person who would be adversely impacted by the proposed
41 rule. The council may determine whether the proposed rule, in whole or in
42 part, violates any of the criteria prescribed in subsection D of this
43 section.

44 C. Within one hundred twenty days ~~of~~ **AFTER** receipt of the rule,
45 preamble and economic, small business and consumer impact statement, the

1 council shall review and approve or return, in whole or in part, the rule,
2 preamble or economic, small business and consumer impact statement. An
3 agency may resubmit a rule, preamble or economic, small business and consumer
4 impact statement if the council returns the rule, economic, small business
5 and consumer impact statement or preamble, in whole or in part, to the
6 agency.

7 D. The council shall not approve the rule unless:

8 1. The economic, small business and consumer impact statement contains
9 information from the state, data and analysis prescribed by this article.

10 2. The economic, small business and consumer impact statement is
11 generally accurate.

12 3. The probable benefits of the rule outweigh within this state the
13 probable costs of the rule and the agency has demonstrated that it has
14 selected the alternative that imposes the least burden and costs to persons
15 regulated by the rule, including paperwork and other compliance costs,
16 necessary to achieve the underlying regulatory objective.

17 4. The rule is written in a manner that is clear, concise and
18 understandable to the general public.

19 5. The rule is not illegal, inconsistent with legislative intent or
20 beyond the agency's statutory authority.

21 6. The agency adequately addressed, in writing, the comments on the
22 proposed rule and any supplemental proposals.

23 7. The rule is not a substantial change, considered as a whole, from
24 the proposed rule and any supplemental notices.

25 8. The preamble discloses a reference to any study relevant to the
26 rule that the agency reviewed and either did or did not rely on in the
27 agency's evaluation of or justification for the rule.

28 9. The rule is not more stringent than a corresponding federal law
29 unless there is statutory authority to exceed the requirements of that
30 federal law.

31 10. If a rule requires a permit, the permitting requirement complies
32 with section 41-1037.

33 E. The council shall verify that a rule with new fees does not violate
34 section 41-1008. The council shall not approve a rule that contains a fee
35 increase unless two-thirds of the voting quorum present vote to approve the
36 rule.

37 F. The council shall verify that a rule with an immediate effective
38 date complies with section 41-1032. The council shall not approve a rule
39 with an immediate effective date unless two-thirds of the voting quorum
40 present vote to approve the rule.

41 G. If the rule relies on scientific principles or methods, including a
42 study disclosed pursuant to subsection D, paragraph 8 of this section, and a
43 person submits an analysis to the council questioning whether the rule is
44 based on valid scientific or reliable principles or methods, the council
45 shall not approve the rule unless the council determines that the rule is

1 based on valid scientific or reliable principles or methods that are specific
2 and not of a general nature. In making a determination of reliability or
3 validity, the council shall consider the following factors as applicable to
4 the rule:

5 ~~(a)~~ 1. The authors of the study, principle or method have subject
6 matter knowledge, skill, experience, training and expertise.

7 ~~(b)~~ 2. The study, principle or method is based on sufficient facts or
8 data.

9 ~~(c)~~ 3. The study is the product of reliable principles and methods.

10 ~~(d)~~ 4. The study and its conclusions, principles or methods have been
11 tested or subjected to peer reviewed publications.

12 ~~(e)~~ 5. The known or potential error rate of the study, principle or
13 method has been identified along with its basis.

14 ~~(f)~~ 6. The methodology and approach of the study, principle or method
15 are generally accepted in the scientific community.

16 H. The council may require a representative of an agency whose rule is
17 under examination to attend a council meeting and answer questions. The
18 council may also communicate to the agency its comments on any rule, preamble
19 or economic, small business and consumer impact statement and require the
20 agency to respond to its comments in writing.

21 I. At any time during the thirty days immediately following receipt of
22 the rule, a person may submit written comments to the council that are within
23 the scope of subsection D, E, F or G of this section. The council may permit
24 testimony at a council meeting within the scope of subsection D, E, F or G of
25 this section.

26 J. If the agency makes a good faith effort to comply with the
27 requirements prescribed in this article and has explained in writing the
28 methodology used to produce the economic, small business and consumer impact
29 statement, the rule may not be invalidated after it is finalized on the
30 ground that the contents of the economic, small business and consumer impact
31 statement are insufficient or inaccurate or on the ground that the council
32 erroneously approved the rule, except as provided by section 41-1056.01.

33 K. The absence of comments pursuant to subsection D, E, F or G of this
34 section or article 4.1 of this chapter does not prevent the council from
35 acting pursuant to this section.

36 L. The council shall review and approve or reject a notice of proposed
37 expedited rule making pursuant to section 41-1027.

38 Sec. 33. Section 41-1502, Arizona Revised Statutes, is amended to
39 read:

40 41-1502. Arizona commerce authority; board of directors;
41 conduct of office; audit

42 A. The Arizona commerce authority is established. The mission of the
43 authority is to provide private sector leadership in growing and diversifying
44 the economy of this state, creating high quality employment in this state

1 through expansion, attraction and retention of businesses and marketing this
2 state for the purpose of expansion, attraction and retention of businesses.

3 B. The authority shall be governed by a board of directors consisting
4 of:

5 1. The governor, who serves as chairperson.

6 2. The chief executive officer.

7 3. Seventeen private sector business leaders who are chief executive
8 officers of private, for-profit enterprises. None of these members may be an
9 elected official of any government entity. These members must be appointed
10 from geographically diverse areas of this state and not all from the same
11 county. These members shall serve staggered three-year terms of office
12 beginning and ending on the third Monday in January. These members shall be
13 appointed as follows:

14 (a) Nine members who are appointed by the governor.

15 (b) Four members who are appointed by the president of the senate.

16 (c) Four members who are appointed by the speaker of the house of
17 representatives.

18 4. The following as ex officio members without the power to vote:

19 (a) The president of the senate.

20 (b) The speaker of the house of representatives.

21 (c) The president of the Arizona board of regents.

22 (d) The president of each state university under the jurisdiction of
23 the Arizona board of regents.

24 (e) One president of a community college who is appointed by a
25 statewide organization of community college presidents.

26 (f) The chairperson of the governor's council on small business, or
27 its successor.

28 (g) The chairperson of the ~~governor's council on workforce policy~~
29 WORKFORCE ARIZONA COUNCIL, if established by executive order pursuant to
30 section ~~41-1542~~ 41-5401.

31 (h) One member of the rural business development advisory council
32 established by section 41-1505 who is appointed by the governor.

33 (i) The president of a statewide organization of incorporated cities
34 and towns who is appointed by the governor.

35 (j) The president of a statewide organization of county boards of
36 supervisors who is appointed by the governor.

37 C. The following shall serve as technical advisors to the board to
38 enhance collaboration among state agencies to meet infrastructure needs and
39 facilitate growth opportunities throughout this state:

40 1. The director of environmental quality.

41 2. The state land commissioner.

42 3. The director of the department of revenue.

43 4. The director of the office of tourism.

44 5. The director of the department of transportation.

45 6. The director of water resources.

1 7. The director of the department of financial institutions.

2 8. The director of the Arizona-Mexico commission in the governor's
3 office.

4 **9. THE DIRECTOR OF THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE.**

5 D. The governor shall appoint a cochairperson of the board of
6 directors from among the voting members. The board may establish an
7 executive committee consisting of the chairperson, the cochairperson, the
8 chief executive officer, and additional voting members of the board elected
9 by the board. The chairperson may appoint subcommittees as necessary.

10 E. The board may request assistance from representatives of other
11 state agencies to maximize economic development opportunities by leveraging
12 their access to strategic assets and planning processes.

13 F. Board members serve without compensation but are eligible for
14 reimbursement of expenses pursuant to section 41-1504, subsection E,
15 paragraph 1.

16 G. A majority of the voting members, which must include the
17 chairperson and the chief executive officer, constitute a quorum for the
18 purpose of an official meeting for conducting business. An affirmative vote
19 of a majority of the members present at an official meeting is sufficient for
20 any action to be taken.

21 H. The board of directors shall keep and maintain a complete and
22 accurate record of all of its proceedings. Public access to the board's
23 records is subject to section 41-1504, subsection L.

24 I. The board of directors, executive committee, subcommittees and
25 advisory councils are subject to title 38, chapter 3, article 3.1, relating
26 to public meetings, except as follows:

27 1. In addition to section 38-431.03, the board of directors, executive
28 committee and subcommittees may meet in executive session for discussion
29 about potential business development opportunities and strategies, which, if
30 made public, could potentially harm the applicant's, the potential
31 applicant's or this state's competitive position.

32 2. Social and travel events related to the expansion, attraction and
33 retention of businesses are not public meetings if no legal action involving
34 a final vote or decision is taken.

35 3. Activities and events held in public for the purpose of announcing
36 the expansion, attraction and retention of projects are not public meetings.

37 J. The board of directors and the officers and employees of the
38 authority are subject to title 38, chapter 3, article 8, relating to
39 conflicts of interest.

40 K. The board of directors shall adopt written policies, procedures and
41 guidelines for standards of conduct, including a gift policy, for members of
42 the board and for officers and employees of the authority.

43 L. The authority shall operate on the state fiscal year. The board of
44 directors shall cause an annual audit to be conducted on or before October 31
45 of each of the authority's public funds established by this chapter by an

1 independent certified public accountant. The board shall immediately file a
2 certified copy of the audit with the auditor general. The auditor general
3 may make such further audits and examinations as necessary and may take
4 appropriate action relating to the audit or examination pursuant to chapter
5 7, article 10.1 of this title. If the auditor general takes no further
6 action within thirty days after the audit is filed, the audit is considered
7 to be sufficient.

8 M. All state agencies shall cooperate with the authority and make
9 available data pertaining to the functions of the authority as requested by
10 the authority.

11 Sec. 34. Section 41-1543, Arizona Revised Statutes, is amended to
12 read:

13 41-1543. Application criteria

14 The chief executive officer pursuant to the guidelines established by
15 the ~~governor's council on workforce policy~~ WORKFORCE ARIZONA COUNCIL shall
16 consider the following before any award of monies pursuant to this article:

- 17 1. The training cost per employee.
- 18 2. The ability to leverage other job training resources.
- 19 3. The quality of jobs resulting from the training proposal, including
20 a requirement that a business receiving monies pursuant to this article pay
21 compensation at least equal to the qualifying wage rate per county that is
22 prescribed for the year in which the award is considered.
- 23 4. The use of the local labor force, dislocated workers, the
24 chronically unemployed and other special populations, including persons with
25 disabilities and veterans.
- 26 5. The location or expansion of the business in rural or economically
27 depressed areas.
- 28 6. The diversity provided to the economy and the promotion of existing
29 and expanding businesses and businesses undergoing economic conversion.
- 30 7. The number of jobs resulting from the training proposal.
- 31 8. The ability to expand cluster industries. For purposes of this
32 paragraph, "cluster industries" means concentrations of firms across several
33 industries that share common economic foundation needs.
- 34 9. The extent to which the benefit package including health insurance
35 reflects the needs of the employees.

36 Sec. 35. Section 41-1544, Arizona Revised Statutes, is amended to
37 read:

38 41-1544. Arizona job training fund; definitions

39 A. The Arizona job training fund is established consisting of
40 legislative appropriations, gifts, grants and other monies. The authority
41 shall administer the fund. On notice from the chief executive officer, the
42 state treasurer shall invest and divest monies in the fund as provided by
43 section 35-313, and monies earned from investment shall be credited to the
44 fund.

1 B. The chief executive officer may accept and expend federal monies
2 and private grants, gifts and contributions to assist in carrying out the
3 purposes of this article. All monies for the program shall be expended only
4 for the costs related to training. Monies in the Arizona job training fund
5 are exempt from the provisions of section 35-190 relating to lapsing of
6 appropriations.

7 C. The Arizona job training fund monies shall be spent on approval of
8 the authority at the direction of the chief executive officer in accordance
9 with the guidelines and procedures adopted by the ~~governor's council on~~
10 ~~workforce policy~~ WORKFORCE ARIZONA COUNCIL.

11 D. A minimum of twenty-five percent of the monies appropriated to the
12 Arizona job training fund shall be used to provide training to small
13 businesses employing fewer than one hundred employees.

14 E. A minimum of twenty-five percent of the monies appropriated to the
15 Arizona job training fund shall be used to provide training to businesses
16 located in rural areas of the state.

17 F. If a business receives monies for training from the Arizona job
18 training fund and the business employs fewer than one hundred employees and
19 is located in a rural area of this state, the business shall be included in
20 the minimum percentages prescribed in subsections D and E of this section.

21 G. No more than fifty percent of the monies in the Arizona job
22 training fund shall be used to provide incumbent worker training.

23 H. A single grant awarded pursuant to this article shall not be more
24 than ten percent of the estimated annual total of monies deposited in the
25 Arizona job training fund.

26 I. The authority shall not approve grant monies for reimbursement of
27 the following employer costs:

28 1. Fringe benefits, food and beverages, recruitment and signing
29 bonuses for trainees and trainers.

30 2. Employer costs to complete a program application.

31 3. Except for small businesses, training expenses for partners or
32 corporate officers.

33 4. Employee relocation expenses.

34 5. Training or course development costs that are not part of the
35 employer's approved training plan.

36 6. Costs for assessing the training needs of employees.

37 7. Drug or other testing costs for employee screening or prescreening
38 purposes.

39 8. Costs for trade shows and conferences or seminars that do not
40 result in a skill certificate that is earned by an employee.

41 9. Other costs prohibited by rule.

42 J. For the purposes of this section:

43 1. "Rural area" means either:

44 (a) A county with a population of less than seven hundred fifty
45 thousand persons ~~according to the most recent United States decennial census.~~

1 (b) A census county division with less than fifty thousand persons in
2 a county with a population of seven hundred fifty thousand or more persons
3 ~~according to the most recent United States decennial census.~~

4 2. "Small business" means a concern, including its affiliates, that
5 employs fewer than one hundred employees.

6 Sec. 36. Section 41-1545.02, Arizona Revised Statutes, is amended to
7 read:

8 41-1545.02. Grants from the Arizona competes fund

9 A. The chief executive officer may negotiate the award of monies from
10 the Arizona competes fund. The monies shall be paid, by grant, for the
11 purposes of:

12 1. Attracting, expanding or retaining Arizona basic enterprises that
13 meet the requirements prescribed by subsection B **OF THIS SECTION**, that
14 achieve the performance and qualification targets developed under subsection
15 C **OF THIS SECTION** and that enter into an agreement with the chief executive
16 officer as provided by subsection C **OF THIS SECTION**. In awarding monies
17 pursuant to this paragraph, the chief executive officer shall give preference
18 to job training and infrastructure activities that create private sector
19 jobs.

20 2. Supporting and advancing programs and projects for rural
21 businesses, small businesses and business development that enhance economic
22 development.

23 B. To be eligible to receive a deal closing grant under subsection A,
24 paragraph 1 **OF THIS SECTION**, an applicant must:

25 1. Be in good standing under the laws of the state in which the
26 applicant was formed or organized, as evidenced by a certificate issued by
27 the secretary of state or other state official having custody of the records
28 pertaining to entities or other organizations formed under the laws of that
29 state.

30 2. Owe no delinquent taxes to a taxing jurisdiction in this state.

31 3. Qualify as an Arizona basic industry.

32 4. Pay compensation that exceeds, on average, one hundred ~~per-cent~~
33 **PERCENT** of the median wage by county as determined annually by the authority.

34 5. Include health insurance for employees for which the applicant pays
35 at least sixty-five ~~per-cent~~ **PERCENT** of the premium or membership cost.

36 6. Demonstrate by analysis by an independent third party that
37 estimated income, property and transaction privilege tax and government fee
38 revenues in this state will exceed state incentives.

39 C. Before awarding a grant from the fund under this section, the chief
40 executive officer must enter into a written agreement with the applicant
41 specifying that:

42 1. A reasonable percentage of the total amount of the grant may be
43 withheld until the recipient meets specified performance targets.

1 2. If the chief executive officer finds that the grant recipient has
2 not met each of the performance targets specified in the agreement as of a
3 date stated in the agreement:

4 (a) The recipient must repay the grant and any related interest to
5 this state at an agreed rate and on agreed terms. The repayment may be
6 prorated to reflect partial attainment of performance targets.

7 (b) The chief executive officer shall not disburse any remaining grant
8 money to the recipient under the agreement.

9 (c) The chief executive officer may assess specified penalties against
10 the recipient for noncompliance.

11 3. If any part of the grant is used to build a capital improvement,
12 this state may:

13 (a) Retain a lien or other security interest in the improvement in
14 proportion to the percentage of the grant amount used to pay for the
15 improvement.

16 (b) Require the recipient, if the improvement is sold, to:

17 (i) Repay to this state the grant monies used to pay for the
18 improvement, with interest at a rate and according to terms stated in the
19 agreement.

20 (ii) Share with this state a proportionate amount of any profit
21 realized from the sale.

22 D. The chief executive officer must determine:

23 1. The performance targets and dates required to be included in each
24 grant agreement.

25 2. If the grant agreement includes withholding a percentage of the
26 grant until the recipient meets the performance targets, the percentage of
27 the grant money to be withheld.

28 E. Before awarding a grant from the fund under this section, the
29 authority must prepare a written statement, signed by the chief executive
30 officer, that, specifically and in detail, assesses the direct economic
31 impact of the grant. The statement must:

32 1. Include a finding that the enterprise is clearly in the best
33 interests of this state.

34 2. Set forth the evidence and reasons supporting this finding,
35 including:

36 (a) The estimated annual tax revenue accruing to this state and its
37 political subdivisions as a direct or indirect result of the enterprise.

38 (b) The public benefit of the enterprise from the employment base,
39 including the estimated number and the median wage of jobs to be created in
40 this state by the potential recipient each year.

41 (c) The extent to which the economic development from the enterprise
42 will raise the standard of living of affected persons, increases free
43 enterprise growth and increases the quality of life in this state.

44 (d) The ratio of economic benefit from wages paid and capital
45 investment made by the enterprise to the amount of the grant.

1 (e) The contribution from the enterprise to the growth of existing
2 businesses and creation of new businesses and business clusters.

3 (f) Whether the enterprise will provide its employees with benefits
4 such as retirement, child care, educational reimbursements and training.

5 (g) The percentage of the products or services the enterprise will
6 export outside of this state over the first five years of operation.

7 (h) Any other information the chief executive officer considers to be
8 necessary for inclusion in the statement.

9 F. BEGINNING FROM AND AFTER JUNE 30, 2017, AT LEAST THIRTY PERCENT OF
10 THE UNENCUMBERED MONIES IN THE FUND AT THE END OF EACH FISCAL YEAR ARE
11 RESERVED FOR GRANTS FOR THE PURPOSES PRESCRIBED IN SUBSECTION A, PARAGRAPH 2
12 OF THIS SECTION, IF THE AMOUNT RESERVED UNDER THIS SUBSECTION WHEN COMBINED
13 WITH GRANTS AWARDED IN THE NEXT FISCAL YEAR FOR THE PURPOSES PRESCRIBED IN
14 SUBSECTION A, PARAGRAPH 2 OF THIS SECTION DOES NOT EXCEED THIRTY PERCENT OF
15 THE MONIES APPROPRIATED TO THE FUND IN THAT FISCAL YEAR. THIS SUBSECTION
16 APPLIES ONLY TO MONIES APPROPRIATED TO THE FUND IN THE CURRENT FISCAL YEAR.

17 Sec. 37. Section 41-1545.05, Arizona Revised Statutes, is amended to
18 read:

19 41-1545.05. Program termination

20 The program established by this article ends on July 1, ~~2016~~ 2018.

21 Sec. 38. Section 41-1959, Arizona Revised Statutes, is amended to
22 read:

23 41-1959. Confidential information; permissible disclosure;
24 rules; violation; classification

25 A. Unless otherwise provided by law, all personally identifiable
26 information concerning any applicant, claimant, recipient, employer or client
27 or concerning any person involved in an adult protective services action,
28 other than a perpetrator against whom an allegation of abuse, neglect or
29 exploitation has been substantiated pursuant to section 46-458, is
30 confidential and shall not be released unless ordered by a superior court
31 judge or provided for by rule of court except as provided in subsections B, C
32 and D of this section. Department records and files that contain information
33 related to investigations conducted by child protective services or the
34 department of child safety are confidential. The department shall release
35 this information only as prescribed by section 8-807.

36 B. Employees of the department of economic security, the department of
37 law and the court may obtain the information described in subsection A of
38 this section in the performance of their duties as authorized by rules
39 adopted by the director.

40 C. Employees of the department of economic security, the department of
41 law and the court may release any information that is otherwise held
42 confidential under this section under any of the following circumstances:

43 1. To the applicant, claimant, recipient, employer or client if a
44 request is made in writing by any of such persons specifically requesting
45 information that directly relates to the person requesting such information.

1 2. To the extent necessary to make claims on behalf of a client for
2 public or private assistance, insurance or health or medical assistance
3 pursuant to title 11, chapter 2, article 7 or title 36, chapter 29 to which
4 the client may be entitled.

5 3. In oral and written communications involving the provision of
6 services or the referral to services between employees of, persons under
7 contract with, or persons holding a general employment relationship with the
8 department of economic security, the department of law or the juvenile court.

9 4. If the disclosure of otherwise confidential information is
10 necessary to protect against a clear and substantial risk of imminent serious
11 injury to a client.

12 5. To agencies of the federal government, this state or any political
13 subdivision of this state for official purposes. All information received by
14 a governmental agency pursuant to this paragraph shall be maintained as
15 confidential, except where pertinent to a criminal prosecution.

16 6. To foster parents and persons certified to adopt if necessary to
17 assist in the placement with or care of a child by such persons.

18 7. In any judicial or administrative proceeding involving an adult
19 protective services client if the director of the department considers the
20 information pertinent to the proceeding.

21 8. TO THE ENTITIES AS SPECIFIED IN SECTION 23-722.04, SUBSECTIONS A
22 AND E FOR THE DEVELOPMENT OF A STATE WORKFORCE EVALUATION DATA SYSTEM AND
23 PROGRAM PERFORMANCE PURPOSES AND OTHER PROGRAM AND RESEARCH PURPOSES AS
24 DEFINED IN A DATA SHARING AGREEMENT.

25 D. Notwithstanding section 46-135, a standing committee of the
26 legislature or a committee appointed by the president of the senate or the
27 speaker of the house of representatives may obtain the information described
28 in subsection A of this section on written notification to the director.
29 Information obtained pursuant to this subsection may be used only for
30 purposes of conducting investigations related to legislative oversight of the
31 department. Information that is personally identifiable shall not be further
32 disclosed.

33 E. Any violation of this section is a class 2 misdemeanor.

34 F. The department shall establish safeguards against the unauthorized
35 use or disclosure of confidential information in title IV-D cases.

36 Sec. 39. Section 41-2251, Arizona Revised Statutes, is amended to
37 read:

38 41-2251. Definitions

39 In this article, unless the context otherwise requires:

40 1. "Authority" means the greater Arizona development authority.

41 2. "Board" means the board of directors of the ~~authority as~~
42 ~~established by section 41-2252~~ ARIZONA FINANCE AUTHORITY ESTABLISHED BY
43 CHAPTER 53, ARTICLE 2 OF THIS TITLE.

1 3. "Financial assistance" means assistance provided by the authority
2 to eligible political subdivisions, special districts and Indian tribes
3 pursuant to section 41-2257.

4 4. "Fund" means the greater Arizona development authority revolving
5 fund established by section 41-2254.

6 5. "Indian tribe" means any Indian tribe, band, group or community
7 that is recognized by the United States secretary of the interior and that
8 exercises governmental authority within the limits of any Indian reservation
9 under the jurisdiction of the United States government, notwithstanding the
10 issuance of any patent and including rights-of-way running through the
11 reservation.

12 6. "Infrastructure" means any land, building or other improvement and
13 equipment or other personal property that will make up part of a facility
14 that is located in this state for public use and that is owned by a political
15 subdivision, special district or Indian tribe that retains ultimate
16 responsibility for its operation and maintenance.

17 7. "Loan" means bonds, leases, loans or other evidences of
18 indebtedness.

19 8. "Loan repayment agreement" means an agreement to repay a loan
20 entered into by a political subdivision, special district or Indian tribe.

21 9. "Pledged revenues" means any monies to be received by a political
22 subdivision, special district or Indian tribe, including property taxes,
23 other local taxes, fees, assessments or charges pledged by a political
24 subdivision, special district or Indian tribe as a source for repayment of a
25 loan repayment agreement.

26 10. "Political subdivision" means a county, city or town.

27 11. "Short-term assistance" means assistance provided by the authority
28 to political subdivisions, special districts and Indian tribes in connection
29 with the financing of infrastructure.

30 12. "Special district" means any of the following entities established
31 pursuant to title 48:

- 32 (a) Municipal improvement district.
- 33 (b) Fire district.
- 34 (c) County improvement district.
- 35 (d) Special road district.
- 36 (e) Sanitary district.
- 37 (f) Drainage or flood protection district.
- 38 (g) County flood control district.
- 39 (h) County jail district.
- 40 (i) Regional public transportation authority.
- 41 (j) Regional transportation authority.

42 13. "Technical assistance" means assistance provided pursuant to
43 section 41-2256.

44 14. "Technical assistance repayment agreement" means an agreement to
45 repay assistance provided pursuant to section 41-2256.

1 15. "Tribal subdivision" means any chapter, district or village that
2 is recognized by an Indian tribe by resolution or through tribal constitution
3 and that receives technical assistance.

4 Sec. 40. Section 41-2252, Arizona Revised Statutes, is amended to
5 read:

6 41-2252. Greater Arizona development authority

7 ~~A. The greater Arizona development authority is established IN THE~~
8 ~~ARIZONA FINANCE AUTHORITY. The authority shall be governed by THE BOARD OF~~
9 ~~DIRECTORS OF THE ARIZONA FINANCE AUTHORITY. a board of directors consisting~~
10 ~~of the following members:~~

11 ~~1. The chief executive officer of the Arizona commerce authority or~~
12 ~~the director's designee who shall serve as the chairperson.~~

13 ~~2. The director of the department of environmental quality or the~~
14 ~~director's designee.~~

15 ~~3. The director of the department of transportation or the director's~~
16 ~~designee.~~

17 ~~4. The state treasurer or the state treasurer's designee.~~

18 ~~5. Five members, one of whom is a representative of a tribal nation of~~
19 ~~Arizona, appointed by the governor pursuant to section 38-211. All appointed~~
20 ~~members shall reside in different counties, and no more than three members~~
21 ~~may be members of the same political party.~~

22 ~~B. Members appointed by the governor serve staggered five year terms.~~

23 ~~C. Members of the board are not eligible to receive compensation for~~
24 ~~their services under this chapter but are eligible for reimbursement of~~
25 ~~expenses pursuant to title 38, chapter 4, article 2 for their services under~~
26 ~~this chapter.~~

27 ~~D. Members of the board serving under this chapter are public officers~~
28 ~~for purposes of title 38, chapter 3, article 8 and the authority is a public~~
29 ~~body for purposes of title 38, chapter 3, article 3.1.~~

30 ~~E. No appointed member may serve more than two consecutive terms,~~
31 ~~except that service for a partial term of less than three years shall not be~~
32 ~~counted toward the two term limitation.~~

33 ~~F. The water infrastructure finance authority of Arizona shall provide~~
34 ~~general administrative support, equipment and office and meeting space to the~~
35 ~~greater Arizona development authority.~~

36 ~~G. The water infrastructure finance authority of Arizona may hire~~
37 ~~staff to provide administrative and technical assistance on behalf of the~~
38 ~~authority. Earnings on the monies in the greater Arizona development~~
39 ~~authority revolving fund may be used to pay for staff services.~~

40 ~~H. Members of the board shall not participate in any direct~~
41 ~~discussions or actions related to any project financed under this article in~~
42 ~~which the member has any direct or indirect personal financial interest. For~~
43 ~~purposes of this subsection, a member of the board who is an employee or~~
44 ~~official of a participant in or applicant for a loan shall not be considered~~
45 ~~to have a direct or indirect personal financial interest in a project by~~

1 ~~virtue of the member's services alone. A violation of this subsection is a~~
2 ~~class 1 misdemeanor.~~

3 Sec. 41. Section 41-2254, Arizona Revised Statutes, is amended to
4 read:

5 41-2254. Greater Arizona development authority revolving fund

6 A. The greater Arizona development authority revolving fund is
7 established consisting of:

8 1. Monies appropriated by the legislature.

9 2. Monies received from the United States government to carry out
10 this article.

11 3. Monies received from political subdivisions, Indian tribes,
12 tribal subdivisions and special districts as loan repayments, technical
13 assistance repayments, interest, administrative fees and penalties.

14 4. Interest and other income received from investing monies in the
15 fund.

16 5. Gifts, grants and donations received from any public or private
17 source to carry out this article.

18 6. Any other monies received by the authority.

19 B. The board shall administer the fund in compliance with the
20 requirements of this article. The board shall separately account for
21 monies received from each source listed in subsection A of this section.
22 Monies received pursuant to subsection A, paragraph 1 of this section
23 shall not be used for any purpose except securing bonds issued by the
24 authority and providing assistance under technical assistance repayment
25 agreements if the amount used for providing this assistance is not more
26 than eight hundred thousand dollars. This subsection does not limit the
27 power of the authority to pledge other monies in the fund to secure bonds
28 issued by the authority or to provide assistance under technical
29 assistance repayment agreements.

30 C. The board may establish accounts and subaccounts as necessary to
31 properly account for and use monies received by the authority.

32 D. Monies in the fund may be used for securing bonds of the
33 authority.

34 E. Monies in the fund received pursuant to subsection A, paragraphs
35 2, 3, 4, 5 and 6 of this section may be used for:

36 1. Providing technical assistance to political subdivisions,
37 special districts, Indian tribes and tribal subdivisions.

38 2. Providing financial assistance to political subdivisions,
39 special districts and Indian tribes.

40 3. Paying ~~the~~ compensation and ~~employment-related~~
41 **EMPLOYMENT-RELATED** expenses ~~associated with the employees hired pursuant~~
42 ~~to section 41-2252, subsection E.~~

43 4. Paying the costs to operate the authority, to administer the
44 fund and to carry out the requirements of this article.

1 needs populations and decaying housing stock. Among other things, the
2 department shall provide to qualified housing participants and political
3 subdivisions of this state financial, advisory, consultative, planning,
4 training and educational assistance for the development of safe, decent and
5 affordable housing, including housing for low and moderate income households.

6 B. Under the direction of the director, the department shall:

7 1. Establish guidelines applicable to the programs and activities of
8 the department for the construction and financing of affordable housing and
9 housing for low and moderate income households in this state. These
10 guidelines shall meet or exceed all applicable state or local building and
11 health and safety code requirements and, if applicable, the national
12 manufactured home construction and safety standards act of 1974 and title VI
13 of the housing and community development act of 1974 (P.L. 93-383, as amended
14 by P.L. 95-128, 96-153 and 96-339). Guidelines established pursuant to this
15 paragraph do not apply to the department's activities prescribed in section
16 35-726, subsection E.

17 2. Accept and allocate any monies as from time to time may be
18 appropriated by the legislature for the purposes set forth in this article.

19 3. Perform other duties necessary to administer this chapter.

20 4. Perform the duties prescribed in sections 35-726, AND 35-728 and
21 ~~35-913~~.

22 5. Stimulate and encourage all local, state, regional and federal
23 governmental agencies and all private persons and enterprises that have
24 similar and related objectives and purposes, cooperate with the agencies,
25 persons and enterprises and correlate department plans, programs and
26 operations with those of the agencies, persons and enterprises.

27 6. Conduct research on its own initiative or at the request of the
28 governor, the legislature or state or local agencies pertaining to any
29 department objectives.

30 7. Provide information and advice on request of any local, state or
31 federal agencies, private persons and business enterprises on matters within
32 the scope of department activities.

33 8. Consult with and make recommendations to the governor and the
34 legislature on all matters concerning department objectives.

35 9. Make annual reports to the governor and the legislature on its
36 activities, including the geographic location of its activities, its finances
37 and the scope of its operations.

38 C. Under the direction of the director, the department may:

39 1. Assist in securing construction and mortgage financing from public
40 and private sector sources.

41 2. Assist mortgage financing programs established by industrial
42 development authorities and political subdivisions of this state.

43 3. Assist in the acquisition and use of federal housing assistance
44 programs pertinent to enhance the economic feasibility of a proposed
45 residential development.

- 1 4. Assist in the compliance of a proposed residential development with
2 applicable federal, state and local codes and ordinances.
- 3 5. Prepare and publish planning and development guidelines for the
4 establishment and delivery of housing assistance programs.
- 5 6. Contract with a federal agency to carry out financial work on the
6 federal agency's behalf and accept payment for the work.
- 7 7. Subcontract for the financial work prescribed in paragraph 6 of
8 this subsection and make payments for that subcontracted work based on the
9 expectation that the federal agency will pay for that work.
- 10 8. Accept payment from a federal agency for work prescribed in
11 paragraph 6 of this subsection and deposit those payments in the Arizona
12 department of housing program fund established by section 41-3957.
- 13 9. Contract for the services of outside advisers, consultants and
14 aides reasonably necessary or desirable to enable the department to
15 adequately perform its duties.
- 16 10. Contract for and incur obligations reasonably necessary or
17 desirable within the general scope of department activities and operations to
18 enable the department to adequately perform its duties.
- 19 11. Use any media of communication, publication and exhibition in the
20 dissemination of information, advertising and publicity in any field of its
21 purposes, objectives or duties.
- 22 12. Adopt rules deemed necessary or desirable to govern its procedures
23 and business.
- 24 13. Contract with other agencies in furtherance of any department
25 program.
- 26 14. Use monies, facilities or services to provide contributions under
27 federal or other programs that further the objectives and programs of the
28 department.
- 29 15. Accept gifts, grants, matching monies or direct payments from
30 public or private agencies or private persons and enterprises for the conduct
31 of programs that are consistent with the general purposes and objectives of
32 this article and deposit these monies in the Arizona department of housing
33 program fund established by section 41-3957.
- 34 16. Establish and collect fees and receive reimbursement of costs in
35 connection with any programs or duties performed by the department and
36 deposit the fees and cost reimbursements in the Arizona department of housing
37 program fund established by section 41-3957.
- 38 ~~17. Provide staff support to the Arizona housing finance authority and~~
39 ~~coordinate its activities.~~
- 40 D. For the purposes of this section, the department is exempt from
41 chapter 23 of this title.
- 42 E. The department is the designated state public housing agency as
43 defined in the United States housing act of 1937 (42 United States Code
44 sections 1401 through 1440) for the purpose of accepting federal housing
45 assistance monies and may participate in the housing assistance payments

1 program. Federal monies may be secured for all areas of this state subject
2 only to the limitations prescribed in subsection F of this section.

3 F. For areas of this state where an existing public housing authority
4 has not been established pursuant to section 36-1404, subsection A, the
5 department acting as a public housing agency may undertake all activities
6 under the section 8 tenant-based rental housing assistance payment program,
7 except that the department shall not undertake a section 8 tenant-based
8 rental housing assistance payment program within the boundaries of a city,
9 town or county unless authorized by resolution of the governing body of the
10 city, town or county. If the department accepts monies for a section 8
11 tenant-based rental housing assistance payment program for areas of this
12 state where an existing public housing authority has been established
13 pursuant to section 36-1404, subsection A, the department shall only accept
14 and secure federal monies to provide housing for the seriously mentally ill
15 or other populations with disabilities. The department may accept and secure
16 federal monies for undertaking all contract administrator activities
17 authorized under a section 8 project-based rental housing assistance payment
18 program in all areas of this state and this participation does not require
19 the authorization of any local governing body.

20 G. The department shall not itself directly own, construct, operate or
21 rehabilitate any housing units, except as may be necessary to protect the
22 department's collateral or security interest arising out of any department
23 programs.

24 H. Notwithstanding any other provision of this section, the department
25 may obligate monies as loans or grants applicable to programs and activities
26 of the department for the purpose of providing housing opportunities for low
27 or moderate income households or for housing affordability or to prevent or
28 combat decaying housing stock. Unless otherwise required by federal or state
29 law, any loan repayments shall be deposited in the Arizona department of
30 housing program fund established by section 41-3957.

31 I. For any construction project financed by the department pursuant to
32 subsection C of this section, except for contract administration activities
33 in connection with the project-based section 8 program, the department shall
34 notify a city, town, county or tribal government that a project is planned
35 for its jurisdiction and, before proceeding, shall seek comment from the
36 governing body of the city, town, county or tribal government or an official
37 authorized by the governing body of the city, town, county or tribal
38 government. The department shall not interfere with or attempt to override
39 the local jurisdiction's planning, zoning or land use regulations.

40 Sec. 46. Section 41-3955, Arizona Revised Statutes, is amended to
41 read:

42 41-3955. Housing trust fund; purpose

43 A. The housing trust fund is established, and the director shall
44 administer the fund. The fund consists of monies from unclaimed property
45 deposited in the fund pursuant to section 44-313 and investment earnings.

1 B. On notice from the department, the state treasurer shall invest and
2 divest monies in the fund as provided by section 35-313, and monies earned
3 from investment shall be credited to the fund.

4 C. Fund monies shall be spent on approval of the department for
5 developing projects and programs connected with providing housing
6 opportunities for low and moderate income households and for housing
7 affordability ~~and Arizona housing finance authority~~ programs. Pursuant to
8 section 44-313, subsection A, a portion of fund monies shall be used
9 exclusively for housing in rural areas.

10 D. In approving the expenditure of monies, the director shall give
11 priority to funding projects that provide for operating, constructing or
12 renovating facilities for housing for low income families and that provide
13 housing and shelter to families that have children.

14 E. The director shall report annually to the legislature on the status
15 of the housing trust fund. The report shall include a summary of facilities
16 for which funding was provided during the preceding fiscal year and shall
17 show the cost and geographic location of each facility and the number of
18 individuals benefiting from the operation, construction or renovation of the
19 facility. The report shall be submitted to the president of the senate and
20 the speaker of the house of representatives no later than September 1 of each
21 year.

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

24 G. An amount not to exceed ten ~~per cent~~ PERCENT of the housing trust
25 fund monies may be appropriated annually by the legislature to the department
26 for administrative costs in providing services relating to the housing trust
27 fund.

28 H. For any construction project financed by the department pursuant to
29 this section, the department shall notify a city, town, county or tribal
30 government that a project is planned for its jurisdiction and, before
31 proceeding, shall seek comment from the governing body of the city, town,
32 county or tribal government or an official authorized by the governing body
33 of the city, town, county or tribal government. The department shall not
34 interfere with or attempt to override the local jurisdiction's planning,
35 zoning or land use regulations.

36 Sec. 47. Section 41-3957, Arizona Revised Statutes, is amended to
37 read:

38 41-3957. Arizona department of housing program fund; purpose

39 A. The Arizona department of housing program fund is established, and
40 the department shall administer the fund. The fund consists of monies
41 deposited pursuant to sections 35-726, 35-728 and 41-3953, other monies
42 directed to be deposited in the fund and investment earnings on monies in the
43 fund. On notice from the department, the state treasurer shall invest and
44 divest monies in the fund as provided by section 35-313, and monies earned

1 from investment shall be credited to the fund. All monies in the fund are
2 designated as special state funds for all purposes of section 35-142.

3 B. Monies in the fund are continuously appropriated. The department
4 shall use monies in the fund:—

5 ~~1. to pay the costs of administering the programs from which the~~
6 ~~deposits are received and for other department programs.~~

7 ~~2. At the director's election, to irrevocably transfer to and deposit~~
8 ~~in any fund established by the Arizona housing authority in connection with~~
9 ~~any bonds or certificates issued by or any other program of the Arizona~~
10 ~~housing finance authority.~~

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

13 Sec. 48. Repeal

14 Title 41, chapter 45, Arizona Revised Statutes, is repealed.

15 Sec. 49. Title 41, Arizona Revised Statutes, is amended by adding
16 chapter 53, to read:

17 CHAPTER 53

18 GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE

19 ARTICLE 1. GENERAL PROVISIONS

20 41-5301. Definitions

21 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

- 22 1. "DIRECTOR" MEANS THE DIRECTOR OF THE OFFICE.
- 23 2. "OFFICE" MEANS THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE.

24 41-5302. Governor's economic opportunity office; funds

25 A. THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE IS ESTABLISHED.

26 B. THE DIRECTOR IS RESPONSIBLE FOR THE DIRECTION, OPERATION AND
27 CONTROL OF THE OFFICE.

28 C. THE GOVERNOR SHALL APPOINT THE DIRECTOR OF THE OFFICE PURSUANT TO
29 SECTION 38-211 TO SERVE AT THE PLEASURE OF THE GOVERNOR.

30 D. THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE OPERATIONS FUND IS
31 ESTABLISHED CONSISTING OF MONIES DEPOSITED PURSUANT TO SECTIONS 44-1843,
32 44-1861, 44-1892, 44-3324 AND 44-3325 AND AS OTHERWISE PROVIDED BY LAW. THE
33 OFFICE SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY
34 APPROPRIATED. MONIES IN THE FUND MAY BE USED IN THE FURTHERANCE OF THE
35 MISSION OF THE OFFICE AND RELATED ECONOMIC DEVELOPMENT INTERESTS.

36 E. THE ECONOMIC DEVELOPMENT FUND IS ESTABLISHED CONSISTING OF MONIES
37 RECEIVED FROM THE ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY AND THE ARIZONA
38 FINANCE AUTHORITY AS OTHERWISE PROVIDED BY LAW. THE OFFICE SHALL ADMINISTER
39 THE FUND.

40 41-5303. Powers and duties

41 A. THE DIRECTOR SHALL:

- 42 1. MONITOR THIS STATE'S TAX COMPETITIVENESS BY BENCHMARKING THIS STATE
- 43 AGAINST COMPETITOR STATES AND MUNICIPALITIES, MONITOR THE USE AND EVALUATE
- 44 THE EFFECTIVENESS OF STATE BUSINESS INCENTIVE PROGRAMS AND PROVIDE ANALYTICAL

1 SUPPORT TO THE ARIZONA COMMERCE AUTHORITY IN ITS ADMINISTRATION OF INCENTIVE
2 PROGRAMS.

3 2. IMPLEMENT A SYSTEMATIC DATA COLLECTION AND ANALYSIS PROCESS TO
4 BENCHMARK THIS STATE'S AND LOCAL GOVERNMENTS' REGULATORY COSTS TO BUSINESS
5 AND THIS STATE'S COMPETITIVE POSITION IN RELATION TO OTHER STATES.

6 3. SERVE AS THIS STATE'S WORKFORCE PLANNING COORDINATOR, PROVIDE
7 STAFFING SUPPORT TO THE WORKFORCE ARIZONA COUNCIL, PROVIDE STEWARDSHIP OF THE
8 STATE WORKFORCE DATA EVALUATION SYSTEM, PROVIDE ECONOMIC AND DEMOGRAPHIC
9 RESEARCH AND ANALYSIS, INCLUDING CONSTITUTIONALLY REQUIRED POPULATION
10 ESTIMATES, PROVIDE EMPLOYMENT AND UNEMPLOYMENT ESTIMATES AND DEVELOP LABOR
11 MARKET INFORMATION FOR THE DEVELOPMENT OF THE STATE WORKFORCE STRATEGY.

12 4. PROVIDE OFFICE AND MEETING SPACE, ADMINISTRATIVE SUPPORT AND
13 ANALYTIC SUPPORT TO THE ARIZONA FINANCE AUTHORITY AND COORDINATE WITH THE
14 ARIZONA FINANCE AUTHORITY DIRECTOR TO INCORPORATE FINANCE MARKET INTELLIGENCE
15 IN ECONOMIC DEVELOPMENT STRATEGY AND POLICY RECOMMENDATIONS.

16 5. DEVELOP DATA-INFORMED POLICY AND REGULATORY REFORM RECOMMENDATIONS
17 AND PROVIDE ASSISTANCE WITH STATE TAX AND REGULATORY MATTERS.

18 6. PROVIDE ANALYTICAL SUPPORT TO THE ARIZONA COMMERCE AUTHORITY IN ITS
19 BUSINESS RECRUITMENT, GROWTH AND RETENTION STRATEGIES.

20 7. PROVIDE ANALYTICAL SUPPORT TO THE ARIZONA COMMERCE AUTHORITY, THE
21 ARIZONA-MEXICO COMMISSION AND THE OFFICE OF TOURISM IN THEIR STATE MARKETING
22 STRATEGIES.

23 8. ESTABLISH OTHER DUTIES THAT FURTHER THE PURPOSE OF THE OFFICE.

24 B. THE DIRECTOR MAY:

25 1. CONTRACT AND INCUR OBLIGATIONS REASONABLY NECESSARY OR DESIRABLE
26 WITHIN THE GENERAL SCOPE OF THE OFFICE'S ACTIVITIES AND OPERATIONS TO ENABLE
27 THE OFFICE TO ADEQUATELY PERFORM ITS DUTIES.

28 2. USE MONIES, FACILITIES OR SERVICES TO PROVIDE MATCHING
29 CONTRIBUTIONS UNDER FEDERAL OR OTHER PROGRAMS THAT FURTHER THE OBJECTIVES AND
30 PROGRAMS OF THE OFFICE.

31 3. ACCEPT GIFTS, GRANTS, MATCHING MONIES OR DIRECT PAYMENTS FROM
32 PUBLIC OR PRIVATE AGENCIES OR PRIVATE PERSONS AND ENTERPRISES FOR THE CONDUCT
33 OF PROGRAMS THAT ARE CONSISTENT WITH THE GENERAL PURPOSES AND OBJECTIVES OF
34 THIS CHAPTER.

35 4. PROVIDE STAFFING SUPPORT TO AN INDUSTRIAL DEVELOPMENT AUTHORITY
36 ESTABLISHED PURSUANT TO TITLE 35, CHAPTER 5.

37 ARTICLE 2. ARIZONA FINANCE AUTHORITY

38 41-5351. Definitions

39 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

40 1. "AGREEMENT" MEANS ANY LOAN OR OTHER AGREEMENT, CONTRACT, NOTE,
41 MORTGAGE, DEED OF TRUST, TRUST INDENTURE, LEASE, SUBLEASE OR INSTRUMENT
42 ENTERED INTO BY THE AUTHORITY.

43 2. "AUTHORITY" MEANS THE ARIZONA FINANCE AUTHORITY.

44 3. "BOARD" MEANS THE BOARD OF DIRECTORS OF THE AUTHORITY.

45 4. "BONDS" MEANS ANY BONDS ISSUED BY THE AUTHORITY.

1 G. MEMBERS OF THE BOARD MAY NOT HAVE ANY DIRECT OR INDIRECT PERSONAL
2 FINANCIAL INTEREST IN ANY PROJECT FINANCED UNDER THIS ARTICLE.

3 41-5354. Powers of board

4 THE BOARD MAY:

5 1. ADOPT AN OFFICIAL SEAL AND ALTER THE SEAL AT ITS PLEASURE.

6 2. APPLY FOR, ACCEPT AND ADMINISTER GRANTS OF MONIES OR MATERIALS OR
7 PROPERTY OF ANY KIND FROM A FEDERAL AGENCY OR OTHERS ON SUCH TERMS AND
8 CONDITIONS AS MAY BE IMPOSED.

9 3. MAKE AND ENTER INTO AGREEMENTS, INCLUDING INTERGOVERNMENTAL
10 AGREEMENTS PURSUANT TO TITLE 11, CHAPTER 7, ARTICLE 3, EXECUTE ALL
11 INSTRUMENTS, PERFORM ALL ACTS AND DO ALL THINGS NECESSARY OR CONVENIENT TO
12 CARRY OUT THE POWERS GRANTED.

13 4. EMPLOY OR CONTRACT WITH EXPERTS, ENGINEERS, ARCHITECTS, ATTORNEYS,
14 ACCOUNTANTS, CONSTRUCTION AND FINANCIAL EXPERTS AND SUCH OTHER PERSONS AS MAY
15 BE NECESSARY IN THE BOARD'S JUDGMENT AND FIX THEIR COMPENSATION.

16 5. PAY COMPENSATION AND EMPLOYEE-RELATED EXPENSES.

17 6. FIX THE COMPENSATION OF THE DIRECTOR.

18 7. SUE AND BE SUED.

19 8. ACQUIRE AND MAINTAIN OFFICE SPACE, EQUIPMENT, SUPPLIES, SERVICES
20 AND INSURANCE NECESSARY TO ADMINISTER THIS ARTICLE.

21 9. CONTRACT WITH, ACT AS GUARANTOR FOR OR COINSURE WITH ANY FEDERAL,
22 STATE OR LOCAL GOVERNMENTAL AGENCY AND OTHER ORGANIZATIONS OR CORPORATIONS IN
23 CONNECTION WITH ITS ACTIVITIES UNDER THIS ARTICLE AND RECEIVE MONIES RELATING
24 TO THOSE CONTRACTS AND SERVICES.

25 10. ADOPT BYLAWS AND ADMINISTRATIVE RULES CONSISTENT WITH THIS
26 ARTICLE.

27 11. PROTECT AND ENFORCE THE INTERESTS OF THE AUTHORITY IN ANY PROJECT
28 FINANCED THROUGH THE AUTHORITY'S RESOURCES.

29 12. ENTER INTO AND INSPECT ANY FACILITY FINANCED THROUGH THE
30 AUTHORITY'S RESOURCES TO INVESTIGATE ITS PHYSICAL CONDITION, CONSTRUCTION,
31 REHABILITATION, OPERATION, MANAGEMENT AND MAINTENANCE AND TO EXAMINE ALL OF
32 THE RECORDS RELATING TO ITS CAPITALIZATION, INCOME AND OTHER RELATED MATTERS.

33 13. ACQUIRE TITLE TO REAL PROPERTY OR OTHER ASSETS BY GIFT, GRANT OR
34 OPERATION OF LAW, OR BY PURCHASE.

35 14. ESTABLISH ADVISORY BOARDS THAT HAVE ALL RIGHTS AND POWERS GRANTED
36 BY THE BOARD, INCLUDING THE RIGHT TO REVIEW, EVALUATE AND RECOMMEND TO THE
37 BOARD FOR APPROVAL PROPOSED FINANCINGS.

38 41-5355. Assets; cost of operation and administration; taxation

39 A. ANY MONIES, PLEDGES OR PROPERTY ISSUED OR GIVEN TO THE ARIZONA
40 FINANCE AUTHORITY, WHETHER BY APPROPRIATION, LOAN, GIFT OR OTHERWISE, IN
41 ADDITION TO ANY MONIES HELD BY THE GREATER ARIZONA DEVELOPMENT AUTHORITY, THE
42 WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA OR ANY OTHER FUND MANAGED
43 BY THE ARIZONA FINANCE AUTHORITY CONSTITUTE THE ASSETS OF THE ARIZONA FINANCE
44 AUTHORITY.

1 B. THIS STATE IS NOT RESPONSIBLE FOR ANY OBLIGATION INCURRED BY THE
2 AUTHORITY.

3 C. ALL COSTS AND EXPENSES OF THE AUTHORITY SHALL BE PAID FROM BOND
4 PROCEEDS OF BONDS ISSUED BY ANY INDUSTRIAL DEVELOPMENT AUTHORITY ESTABLISHED
5 BY THE ARIZONA FINANCE AUTHORITY OR OTHER MONIES OF THE AUTHORITY, INCLUDING,
6 TO THE EXTENT NOT PROHIBITED BY STATE OR FEDERAL LAW, THE MONIES OF THE
7 GREATER ARIZONA DEVELOPMENT AUTHORITY AND THE WATER INFRASTRUCTURE FINANCE
8 AUTHORITY OF ARIZONA.

9 D. THE AUTHORITY AND ITS INCOME ARE EXEMPT FROM TAXATION IN THIS
10 STATE.

11 41-5356. Duties of board; advisory board

12 THE BOARD SHALL:

13 1. ESTABLISH AN INDUSTRIAL DEVELOPMENT AUTHORITY UNDER TITLE 35,
14 CHAPTER 5 AND SERVE AS THE BOARD OF THE INDUSTRIAL DEVELOPMENT AUTHORITY.

15 2. SERVE AS THE BOARD OF THE GREATER ARIZONA DEVELOPMENT AUTHORITY AND
16 HAVE ALL POWERS AND AUTHORITY TO TAKE ACTION ON BEHALF OF THE GREATER ARIZONA
17 DEVELOPMENT AUTHORITY PURSUANT TO CHAPTER 18 OF THIS TITLE.

18 3. SERVE AS THE BOARD OF THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF
19 ARIZONA AND HAVE ALL POWERS AND AUTHORITY TO TAKE ACTION PURSUANT TO TITLE
20 49, CHAPTER 8 REGARDING WATER INFRASTRUCTURE FINANCING.

21 4. APPROVE THE AUTHORITY'S BUDGET.

22 41-5357. Supplemental law

23 THE POWERS CONFERRED BY THIS ARTICLE ARE IN ADDITION AND SUPPLEMENTAL
24 TO THE POWERS CONFERRED BY ANY OTHER LAW, GENERAL OR SPECIAL, AND ARE DEEMED
25 FULL AUTHORITY FOR THE ISSUANCE OF BONDS, FOR ENTERING INTO AGREEMENTS IN
26 CONNECTION THEREWITH AND FOR THE AUTHORIZATION, ISSUANCE AND SALE OF BONDS
27 PURSUANT TO THIS ARTICLE AND WITHOUT REGARD TO THE PROCEDURE REQUIRED BY ANY
28 OTHER SUCH LAW, EXCEPT AS PROVIDED FOR IN TITLE 44, CHAPTER 12, ARTICLE 4.

29 ARTICLE 3. WORKFORCE

30 Sec. 50. Section 41-1542, Arizona Revised Statutes, is transferred and
31 renumbered for placement in title 41, chapter 53, article 3, Arizona Revised
32 Statutes, as section 41-5401, and so renumbered, is amended to read:

33 41-5401. Workforce Arizona council; duties; report

34 A. The governor by executive order ~~may~~ SHALL establish a ~~governor's~~
35 ~~council on workforce policy~~ WORKFORCE ARIZONA COUNCIL AND APPOINT MEMBERS TO
36 THE COUNCIL CONSISTENT WITH 29 UNITED STATES CODE SECTION 3111. ~~If the~~
37 ~~governor establishes a governor's council on workforce policy, the council~~
38 ~~shall include at least the following members:~~

39 ~~1. The chief executive officer of the Arizona commerce authority or~~
40 ~~the chief executive officer's designee.~~

41 ~~2. The director of the department of economic security or the~~
42 ~~director's designee.~~

43 ~~3. The superintendent of public instruction or the superintendent's~~
44 ~~designee.~~

1 ~~4. One representative from a rural community college district who is~~
2 ~~appointed by the governor.~~

3 ~~5. One representative from an urban community college district who is~~
4 ~~appointed by the governor.~~

5 ~~6. One representative from organized labor who is appointed by the~~
6 ~~governor.~~

7 ~~7. Representatives from large businesses who are appointed by the~~
8 ~~governor and who shall compose at least thirty per cent of the total~~
9 ~~membership of the council.~~

10 ~~8. Representatives from small businesses who are appointed by the~~
11 ~~governor and who shall compose at least twenty five per cent of the total~~
12 ~~membership of the council.~~

13 B. The ~~governor's council on workforce policy~~ WORKFORCE ARIZONA
14 COUNCIL that is established by executive order shall ~~develop program~~
15 ~~guidelines for selection criteria and program operations. These guidelines~~
16 ~~shall include the following areas:~~

17 ~~1. Project application procedures.~~

18 ~~2. Categories of allowable and excluded project costs.~~

19 ~~3. Limitations relating to partial or total project costs and interim~~
20 ~~and end of project reporting requirements.~~

21 ~~4. Procedures to assure that both urban and rural economic interests~~
22 ~~are addressed.~~

23 ~~5. Criteria to evaluate effective use of training monies.~~

24 ~~6. Criteria to determine the annual qualifying wage rate per county so~~
25 ~~that the qualifying wage rate reflects current economic conditions and the~~
26 ~~needs of local businesses in the county.~~ ASSIST THE GOVERNOR IN:

27 1. THE DEVELOPMENT, IMPLEMENTATION AND MODIFICATION OF A STATE
28 WORKFORCE PLAN.

29 2. THE REVIEW OF STATEWIDE POLICIES AND PROGRAMS. THE WORKFORCE
30 ARIZONA COUNCIL SHALL MAKE RECOMMENDATIONS TO THE GOVERNOR ON ACTIONS THAT
31 SHOULD BE TAKEN TO ALIGN WORKFORCE DEVELOPMENT PROGRAMS IN A MANNER THAT
32 SUPPORTS A COMPREHENSIVE AND STREAMLINED WORKFORCE DEVELOPMENT SYSTEM.

33 3. THE DEVELOPMENT AND CONTINUOUS IMPROVEMENT OF THE WORKFORCE
34 DEVELOPMENT SYSTEM IN THIS STATE.

35 4. THE DEVELOPMENT AND THE UPDATING OF COMPREHENSIVE STATE PERFORMANCE
36 ACCOUNTABILITY MEASURES.

37 5. THE IDENTIFICATION AND DISSEMINATION OF INFORMATION ON WORKFORCE
38 BEST PRACTICES.

39 6. THE DEVELOPMENT AND REVIEW OF STATEWIDE POLICIES AFFECTING THE
40 COORDINATED PROVISION OF SERVICES THROUGH A ONE-STOP DELIVERY SYSTEM.

41 7. THE DEVELOPMENT OF STRATEGIES FOR TECHNOLOGY IMPROVEMENTS TO
42 FACILITATE ACCESS TO AND IMPROVE THE QUALITY OF SERVICES AND ACTIVITIES
43 PROVIDED THROUGH A ONE-STOP DELIVERY SYSTEM.

44 8. THE DEVELOPMENT OF STRATEGIES FOR ALIGNING TECHNOLOGY AND DATA
45 SYSTEMS ACROSS ONE-STOP PARTNER PROGRAMS TO ENHANCE SERVICE DELIVERY AND

1 IMPROVE EFFICIENCIES IN REPORTING ON PERFORMANCE ACCOUNTABILITY MEASUREMENT
2 AND REPORTING PROCESSES AND THE INCORPORATION OF LOCAL INPUT INTO THE DESIGN
3 AND IMPLEMENTATION OF ONE-STOP PARTNER PROGRAMS.

4 9. THE DEVELOPMENT OF ALLOCATION FORMULAS FOR THE DISTRIBUTION OF
5 MONIES FOR EMPLOYMENT AND TRAINING ACTIVITIES FOR ADULTS AND YOUTH WORKFORCE
6 INVESTMENT ACTIVITIES.

7 C. The ~~governor's council on workforce policy~~ WORKFORCE ARIZONA
8 COUNCIL shall meet at least four times each year and shall submit a written
9 annual report to the governor, the president of the senate, the speaker of
10 the house of representatives and the joint legislative budget committee by
11 December 1 of each year. This report shall include:

- 12 ~~1. The qualifying wage rate per county.~~
- 13 ~~2. The number of businesses recruited.~~
- 14 ~~3. The number of approved applicants.~~
- 15 ~~4. The number of persons hired.~~
- 16 ~~5. The number of incumbent workers trained.~~
- 17 ~~6. The racial and ethnic background of persons trained.~~
- 18 ~~7. The number of persons trained by job skill category.~~
- 19 ~~8. The average salaries paid.~~
- 20 ~~9. The breakdown of full-time and part-time jobs.~~
- 21 ~~10. The information on the efforts to leverage other training~~
22 ~~resources.~~
- 23 ~~11. A summary of the information considered pursuant to section~~
24 ~~41-1543.~~
- 25 ~~12. The number of grant applications denied due to either of the~~
26 ~~following:~~
 - 27 ~~(a) Insufficient available grant money.~~
 - 28 ~~(b) The inability to meet the qualifying wage requirements pursuant to~~
29 ~~subsection B, paragraph 6 of this section.~~
- 30 ~~13. A summary of annual spending by state government on workforce~~
31 ~~development, including details on each state program that participates in~~
32 ~~workforce development in any state agency or community college. The report~~
33 ~~shall include:~~
 - 34 ~~(a) Actual expenditures from state, federal or other sources for the~~
35 ~~prior fiscal year, by fund, program and agency and in total.~~
 - 36 ~~(b) Estimated expenditures from state, federal or other sources for~~
37 ~~the current fiscal year, by fund, program and agency and in total.~~
 - 38 ~~(c) Federally mandated performance measure results by program,~~
39 ~~including measures for the previous two fiscal years and for the current~~
40 ~~fiscal year.~~
 - 41 ~~(d) Agency or statewide performance measure results as described in~~
42 ~~subsection E of this section by program, including measures for the previous~~
43 ~~two fiscal years and for the current fiscal year.~~
 - 44 ~~(e) A strategic plan that identifies:~~
 - 45 ~~(i) Each workforce development program in this state.~~

1 ~~(ii) How the state programs met all performance measures in the~~
2 ~~previous fiscal year.~~

3 1. INFORMATION SPECIFYING THE LEVELS OF PERFORMANCE ACHIEVED WITH
4 RESPECT TO THE PRIMARY INDICATORS OF PERFORMANCE OF WORKFORCE DEVELOPMENT
5 PROGRAMS AND PERFORMANCE WITH RESPECT TO INDIVIDUALS WITH BARRIERS TO
6 EMPLOYMENT DISAGGREGATED BY RACE, ETHNICITY, SEX AND AGE.

7 2. THE TOTAL NUMBER OF PARTICIPANTS SERVED BY WORKFORCE DEVELOPMENT
8 PROGRAMS.

9 3. THE NUMBER OF PARTICIPANTS WHO RECEIVED CAREER AND TRAINING
10 SERVICES AND THE AMOUNT OF MONIES SPENT ON EACH TYPE OF SERVICE.

11 4. THE NUMBER OF PARTICIPANTS WHO EXITED FROM CAREER AND TRAINING
12 SERVICES.

13 5. THE AVERAGE COST PER PARTICIPANT OF THOSE PARTICIPANTS WHO RECEIVED
14 CAREER AND TRAINING SERVICES.

15 6. THE PERCENTAGE OF PARTICIPANTS WHO RECEIVED TRAINING SERVICES AND
16 OBTAINED EMPLOYMENT IN A FIELD RELATED TO THE TRAINING RECEIVED.

17 7. THE NUMBER OF INDIVIDUALS WITH BARRIERS TO EMPLOYMENT SERVED BY
18 WORKFORCE DEVELOPMENT PROGRAMS.

19 D. Each state agency and community college shall submit to the
20 ~~governor's council on workforce policy~~ WORKFORCE ARIZONA COUNCIL the
21 information necessary to compile the report described in subsection C,
22 paragraph ~~13~~ 3 of this section by November 1 of each year.

23 E. The ~~governor's council on workforce policy~~ WORKFORCE ARIZONA
24 COUNCIL shall coordinate with state agencies and state community colleges to
25 produce outcome-based performance measures for all state workforce
26 development programs.

27 Sec. 51. Section 41-708, Arizona Revised Statutes, is transferred and
28 renumbered for placement in title 41, chapter 53, article 3, Arizona Revised
29 Statutes, as section 41-5402, and so renumbered, is amended to read:

30 41-5402. Population estimates; labor market information; powers
31 and duties; definition

32 ~~The office of employment and population statistics is established under~~
33 ~~the direction operation and control of the director. The office shall~~
34 ~~provide economic and demographic research and analysis, including~~
35 ~~constitutionally required population estimates, and shall provide employment~~
36 ~~and unemployment estimates. In carrying out the requirements of this~~
37 ~~section, the department may:~~

38 ~~1. Partner with the federal government as needed in order to provide~~
39 ~~detailed employment and unemployment data, population projections and~~
40 ~~research data.~~

41 ~~2. Receive and expend federal monies.~~

42 A. THE OFFICE SHALL:

43 1. PROVIDE ECONOMIC AND DEMOGRAPHIC RESEARCH AND ANALYSIS, INCLUDING
44 CONSTITUTIONALLY REQUIRED POPULATION ESTIMATES, AND PROVIDE EMPLOYMENT AND
45 UNEMPLOYMENT ESTIMATES.

1 2. PRODUCE LOCAL LABOR MARKET INFORMATION PACKAGES AND CONDUCT LABOR
2 MARKET ANALYSES, INCLUDING SPECIAL STUDIES AND JOB IMPACT ANALYSES IN SUPPORT
3 OF STATE AND LOCAL EMPLOYMENT, TRAINING, EDUCATION AND JOB CREATION PROGRAMS
4 AND ACTIVITIES THAT SUPPORT PROGRAMS DESIGNED TO ALIGN EMPLOYER NEEDS WITH
5 THE EMPLOYMENT BASE TO REDUCE UNEMPLOYMENT AND CREATE JOBS.
6 3. SUPPORT THE DEVELOPMENT AND IMPLEMENTATION OF THE WORKFORCE
7 INNOVATION AND OPPORTUNITY ACT (P.L. 113-128; 128 STAT. 1425).
8 B. THE OFFICE MAY:
9 1. ESTABLISH MECHANISMS TO RECOVER ACTUAL COSTS INCURRED IN PRODUCING,
10 MAINTAINING AND PROVIDING OTHERWISE UNFUNDED LABOR MARKET INFORMATION THAT IS
11 ALIGNED WITH ALL APPLICABLE FEDERAL GUIDELINES.
12 2. RECEIVE FEDERAL SET-ASIDE MONIES FROM ANY FEDERAL PROGRAM THAT IS
13 AUTHORIZED TO FUND STATE AND LOCAL LABOR MARKET INFORMATION AND THAT IS
14 REQUIRED TO USE THE INFORMATION IN SUPPORT OF THE FEDERAL PROGRAM.
15 3. COORDINATE WITH OTHER STATE AGENCIES TO STUDY WAYS TO STANDARDIZE
16 AND ENHANCE FEDERAL AND STATE MULTIAGENCY ADMINISTRATIVE RECORDS AND
17 INFORMATION, SUCH AS UNEMPLOYMENT INSURANCE INFORMATION, TO PRODUCE THE
18 EMPLOYMENT, TRAINING, EDUCATION AND ECONOMIC ANALYSIS NEEDED TO IMPROVE LABOR
19 MARKET INFORMATION PRODUCTS AND SERVICES.
20 4. PARTNER WITH THE FEDERAL GOVERNMENT AS NEEDED IN ORDER TO PROVIDE
21 DETAILED EMPLOYMENT AND UNEMPLOYMENT DATA, POPULATION PROJECTIONS AND
22 RESEARCH DATA.
23 C. FOR THE PURPOSES OF THIS SECTION, "LABOR MARKET INFORMATION" MEANS
24 THE BODY OF INFORMATION GENERATED FROM MEASUREMENT AND EVALUATION OF THE
25 SOCIOECONOMIC FACTORS AND VARIABLES INFLUENCING THE EMPLOYMENT PROCESS IN
26 THIS STATE AND SPECIFIC LABOR MARKET AREAS. DATA USED FOR MEASUREMENT AND
27 EVALUATION MAY INCLUDE UNEMPLOYMENT INSURANCE INFORMATION RECEIVED ACCORDING
28 TO SPECIFIC DATA SHARING AGREEMENTS WITH THE DEPARTMENT OF ECONOMIC SECURITY.
29 THE SOCIOECONOMIC FACTORS AND VARIABLES THAT AFFECT LABOR DEMAND AND SUPPLY
30 RELATIONSHIPS INCLUDE:
31 1. LABOR FORCE INFORMATION, INCLUDING UNEMPLOYMENT, LABOR FORCE
32 PARTICIPATION, LABOR TURNOVER AND MOBILITY, AVERAGE HOURS AND EARNINGS AND
33 CHANGES AND CHARACTERISTICS OF THE POPULATION AND LABOR FORCE WITHIN SPECIFIC
34 LABOR MARKET AREAS IN THIS STATE.
35 2. OCCUPATIONAL INFORMATION, INCLUDING OCCUPATIONAL SUPPLY AND DEMAND
36 ESTIMATES AND PROJECTIONS, CHARACTERISTICS OF OCCUPATIONS, WAGE LEVELS, JOB
37 DUTIES, TRAINING AND EDUCATION REQUIREMENTS, CONDITIONS OF EMPLOYMENT,
38 UNIONIZATION, RETIREMENT PRACTICES AND TRAINING OPPORTUNITIES.
39 3. ECONOMIC INFORMATION, INCLUDING NUMBER OF BUSINESS STARTS AND STOPS
40 BY INDUSTRY AND LABOR MARKET AREA, INFORMATION ON EMPLOYMENT GROWTH AND
41 DECLINE BY INDUSTRY AND LABOR MARKET AREA, EMPLOYER ESTABLISHMENT DATA AND
42 NUMBER OF LABOR-MANAGEMENT DISPUTES BY INDUSTRY AND LABOR MARKET AREA.
43 4. PROGRAM INFORMATION, INCLUDING PROGRAM PARTICIPANT OR STUDENT
44 INFORMATION GATHERED IN COOPERATION WITH OTHER STATE AND LOCAL AGENCIES ALONG
45 WITH RELATED LABOR MARKET INFORMATION TO EVALUATE THE EFFECTIVENESS,

1 EFFICIENCY AND IMPACT OF STATE AND LOCAL EMPLOYMENT, TRAINING, EDUCATION AND
2 JOB CREATION EFFORTS IN SUPPORT OF PLANNING, MANAGEMENT, IMPLEMENTATION AND
3 EVALUATION.

4 Sec. 52. Title 41, chapter 53, article 3, Arizona Revised Statutes, is
5 amended by adding sections 41-5403 and 41-5404, to read:

6 41-5403. Workforce data stewardship

7 A. THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE AND THE DEPARTMENT OF
8 ECONOMIC SECURITY SHALL ENTER INTO A MEMORANDUM OF UNDERSTANDING ON OR BEFORE
9 SEPTEMBER 30, 2016 TO ESTABLISH THAT THE GOVERNOR'S ECONOMIC OPPORTUNITY
10 OFFICE IS THE DESIGNATED OFFICE FOR THIS STATE AND IS RESPONSIBLE FOR
11 FULFILLING UNEMPLOYMENT INSURANCE DATA REQUESTS BY ENTITIES SPECIFIED IN
12 SECTION 23-722.04, SUBSECTION A.

13 B. THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE AND THE DEPARTMENT OF
14 ECONOMIC SECURITY IN THE MEMORANDUM OF UNDERSTANDING SHALL ESTABLISH
15 SPECIFICATIONS FOR QUARTERLY DATA TRANSMISSIONS OF UNEMPLOYMENT INSURANCE
16 INFORMATION TO THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE. THE INITIAL
17 TRANSMISSION SHALL INCLUDE ALL ARCHIVED DATA AVAILABLE.

18 41-5404. Workforce data task force; membership; duties; report;
19 task force termination

20 A. THE WORKFORCE DATA TASK FORCE IS ESTABLISHED IN THE GOVERNOR'S
21 ECONOMIC OPPORTUNITY OFFICE TO OVERSEE WORKFORCE SYSTEM EVALUATION DATA
22 SHARING. THE TASK FORCE SHALL CONSIST OF THE FOLLOWING MEMBERS:

23 1. THE DIRECTOR OF THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE, OR THE
24 DIRECTOR'S DESIGNEE, WHO SHALL SERVE AS CHAIRPERSON OF THE TASK FORCE.

25 2. THE DIRECTOR OF THE DEPARTMENT OF ECONOMIC SECURITY OR THE
26 DIRECTOR'S DESIGNEE.

27 3. THE SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE SUPERINTENDENT'S
28 DESIGNEE.

29 4. THE PRESIDENT OF THE ARIZONA BOARD OF REGENTS OR THE PRESIDENT'S
30 DESIGNEE.

31 5. A REPRESENTATIVE OF A COMMUNITY COLLEGE DISTRICT OR THE
32 REPRESENTATIVE'S DESIGNEE.

33 B. THE DIRECTOR OF THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE MAY
34 APPOINT ADVISORY MEMBERS TO THE TASK FORCE AS NECESSARY.

35 C. MEMBERS OF THE TASK FORCE ARE NOT ELIGIBLE TO RECEIVE COMPENSATION.
36 THE GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE SHALL PROVIDE ADEQUATE STAFF
37 SUPPORT FOR THE TASK FORCE.

38 D. THE TASK FORCE SHALL:

39 1. OVERSEE DEVELOPMENT AND MAINTENANCE OF THE STATE WORKFORCE
40 EVALUATION DATA SYSTEM.

41 2. DEFINE AND REGULARLY REVIEW REQUIREMENTS, STRUCTURES AND
42 METHODOLOGIES FOR THE SYSTEM, INCLUDING:

43 (a) A RETENTION SCHEDULE FOR UNEMPLOYMENT INSURANCE RECORDS THAT
44 SUPPORTS THE LONGITUDINAL EVALUATION OF WORKFORCE AND EDUCATION PROGRAMS.

- 1 (b) DATA STANDARDS RELATING TO UNEMPLOYMENT INSURANCE DATA, INCLUDING
- 2 RULES FOR DEFINITION, FORMAT, SOURCE, PROVENANCE, ELEMENT LEVEL AND
- 3 CONTEXTUAL INTEGRITY.
- 4 (c) TECHNICAL REQUIREMENTS FOR THE STORAGE, HANDLING AND DISTRIBUTION
- 5 OF DATA.
- 6 (d) SYSTEM PERFORMANCE EXPECTATIONS.
- 7 (e) CONTROLS FOR DATA CONFIDENTIALITY AND DATA SECURITY FOR
- 8 UNEMPLOYMENT DATA, INCLUDING WHEN DATA IS IN TRANSMISSION.
- 9 (f) DATA QUALITY AND REPORTING STANDARDS.
- 10 (g) REQUIRED ELEMENTS FOR DATA SHARING AGREEMENTS THAT CONFORM TO
- 11 RELEVANT STATE AND FEDERAL REQUIREMENTS AND THAT ESTABLISH ADEQUACY OF
- 12 RECEIVING SYSTEM REQUIREMENTS.
- 13 (h) A METHODOLOGY TO FUND THE DEVELOPMENT AND ONGOING DATABASE COSTS
- 14 FROM EXISTING RESOURCES OF ENTITIES THAT HAVE ENTERED INTO CURRENT DATA
- 15 SHARING AGREEMENTS PURSUANT TO SECTION 23-722.04.
- 16 3. PROVIDE ANALYSES AND RECOMMENDATIONS FOR ALL OF THE FOLLOWING:
- 17 (a) DATA AUDIT MANAGEMENT, INCLUDING DATA QUALITY METRICS, SANCTIONS
- 18 AND INCENTIVES FOR DATA QUALITY IMPROVEMENT.
- 19 (b) DOCUMENTATION STANDARDS FOR DATA ELEMENTS AND SYSTEMS COMPONENTS.
- 20 (c) DATA ARCHIVAL AND RETRIEVAL MANAGEMENT SYSTEMS, INCLUDING CHANGE
- 21 CONTROL AND CHANGE TRACKING.
- 22 (d) PUBLICATION OF STANDARD AND AD HOC REPORTS FOR STATE AND LOCAL
- 23 LEVEL USE ON WORKFORCE SYSTEM PERFORMANCE.
- 24 4. SUBMIT AN ANNUAL REPORT REGARDING THE TASK FORCE'S ACTIVITIES ON OR
- 25 BEFORE NOVEMBER 1 TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE
- 26 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND PROVIDE A COPY OF THIS REPORT TO
- 27 THE SECRETARY OF STATE. THE INITIAL REPORT SHALL INCLUDE ALL INITIAL
- 28 REQUIREMENTS, STRUCTURES AND METHODOLOGIES DETERMINED PURSUANT TO THIS
- 29 SECTION.
- 30 E. THE TASK FORCE ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2024
- 31 PURSUANT TO SECTION 41-3103.
- 32 Sec. 53. Section 44-1843, Arizona Revised Statutes, is amended to
- 33 read:
- 34 44-1843. Exempt securities; fee; filing
- 35 A. Sections 44-1841 and 44-1842, section 44-1843.02, subsections B and
- 36 C and sections 44-3321 and 44-3325 do not apply to any of the following
- 37 classes of securities:
- 38 1. Securities issued or guaranteed by the United States, by any state,
- 39 territory or insular possession of the United States, by any political
- 40 subdivision of such state, territory or insular possession, by the District
- 41 of Columbia or by any agency or instrumentality of one or more of any of the
- 42 foregoing. This exemption shall not apply to securities regulated pursuant
- 43 to section 44-1843.01.
- 44 2. Securities issued by a national bank, a bank or a credit or loan
- 45 association organized pursuant to an act of Congress and supervised by the

1 United States or an agency of the United States, or issued by a state bank or
2 savings institution the business of which is supervised and regulated by an
3 agency of this state or of the United States.

4 3. Securities issued by a savings and loan association subject to
5 supervision by an agency of this state.

6 4. Insurance or endowment policies, variable contracts, annuity
7 contracts or optional annuity contracts issued by a person subject to the
8 supervision of and licensed by the insurance commissioner, the bank
9 commissioner or any agency of the United States, any state or the District of
10 Columbia performing like functions.

11 5. Securities issued or guaranteed either as to principal, interest or
12 dividend by a railroad or public utility if the issuance of its securities is
13 regulated by an agency of the United States, a state, territory or insular
14 possession of the United States, an agency of the District of Columbia or an
15 agency of the Dominion of Canada or any province of the Dominion of Canada,
16 and also equipment trust certificates in respect to equipment conditionally
17 sold or leased to a railroad or public utility, if other securities issued by
18 such railroad or public utility would be exempt under this paragraph.

19 6. Securities issued by a person that is organized and operated
20 exclusively for religious, educational, benevolent, fraternal, charitable or
21 reformatory purposes and not for pecuniary profit, and no part of the net
22 earnings of which inures to the benefit of any person, private stockholder or
23 individual and securities issued by or any interest or participation in any
24 pooled income fund, collective trust fund, collective investment fund or
25 similar fund that is excluded from the definition of an investment company
26 under section 3(c)(10)(B) of the investment company act of 1940. The
27 exemption prescribed in this paragraph does not apply to any of the
28 following, unless excluded from the definition of an investment company under
29 section 3(c)(10)(B) of the investment company act of 1940:

30 (a) Securities made liens upon revenue producing property subject to
31 taxation.

32 (b) Securities issued by a nonprofit organization that is engaged in,
33 intends to engage in, controls, finances or lends funds or property to other
34 entities engaged in the construction, operation, maintenance or management of
35 a hospital, sanitarium, rest home, clinic, medical hotel, mortuary, cemetery,
36 mausoleum or other similar facilities.

37 (c) Interest bearing or noninterest bearing debt securities except for
38 first mortgage bonds issued by individual churches and affiliated religious
39 schools in an aggregate outstanding amount not to exceed twenty-five million
40 dollars by any one single issuer provided that no commission or remuneration
41 of any kind, other than transfer agent's fees, is paid, directly or
42 indirectly, to any person other than a registered dealer or registered
43 salesman in connection with the offer for sale or sale of such bonds.

1 (d) Securities whose terms include significant features that are
2 common to debt securities and that the commission finds are the functional
3 equivalent of debt securities.

4 7. Securities listed or approved for listing upon the issuance thereof
5 upon the New York stock exchange, the American stock exchange, the midwest
6 stock exchange or any other national securities exchange that is registered
7 under the securities exchange act of 1934 and that is designated by the
8 commission as provided in this paragraph, and securities designated or
9 approved for designation on notice of issuance on the national market system
10 of a national securities association registered under the securities exchange
11 act of 1934, and all securities senior or equal in rank to any securities so
12 listed or approved for listing, designated or approved for designation or
13 represented by subscription rights or warrants that have been so listed,
14 designated or approved and any warrant or right to purchase or subscribe to
15 any of the foregoing. In addition to the securities exchanges prescribed in
16 this paragraph, the commission may by order designate any registered national
17 securities exchange if it finds that it would be in the public interest for
18 securities listed on the exchange to be exempt. The commission may at any
19 time by order withdraw a designation of an exchange or association made under
20 this paragraph.

21 8. Commercial paper that arises out of a current transaction or the
22 proceeds of which have been or are to be used for current transactions, that
23 evidences an obligation to pay cash within nine months of the date of
24 issuance or sale, exclusive of days of grace, or any renewal of such paper
25 that is likewise limited, or any guarantee of such paper or of any such
26 renewal.

27 9. Securities issued or guaranteed by any foreign government with
28 which the United States is at the time of the sale maintaining diplomatic
29 relations, or securities issued or guaranteed by a political subdivision of
30 such foreign government having the power of taxation, if none of the
31 securities of the foreign government or political subdivision are in default
32 either as to principal or interest, and which securities when offered for
33 sale in this state are acknowledged as valid obligations by the foreign
34 government or political subdivision and registered under the securities act
35 of 1933.

36 10. Notes or bonds secured by a mortgage or deed of trust on real
37 estate or chattels, or a contract or agreement for the sale of real estate or
38 chattels, if the entire mortgage, contract or agreement together with all
39 notes or bonds secured thereby is sold or offered for sale as a unit, except
40 for real property investment contracts.

41 11. Mortgage related securities, as defined in section 3(a)(41) of the
42 securities exchange act of 1934.

43 B. Issuers of securities that are exempt under subsection A,
44 paragraphs 6, 7 and 9 of this section, within thirty days after the first
45 sale of the securities in this state, shall pay to the commission a fee of

1 two hundred dollars for each offering, and the commission shall deposit the
2 fees in the ~~Arizona competes fund established by section 41-1545.01~~
3 GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE OPERATIONS FUND ESTABLISHED BY SECTION
4 41-5302.

5 C. Any securities that are offered and sold pursuant to section 4(5)
6 of the securities act of 1933 or that are mortgage related securities as the
7 term is defined in section 3(a)(41) of the securities exchange act of 1934
8 are not preempted by federal law. These instruments, commonly referred to as
9 private mortgage backed securities, may be exempt from the registration
10 requirements of this chapter if the transaction or the securities are
11 otherwise exempt under this chapter. This subsection specifically overrides
12 the preemption of state law contained in section 106(c) of the secondary
13 mortgage market enhancement act of 1984 (P.L. 98-440).

14 D. Noncompliance with the requirements in subsection B of this section
15 to pay fees shall not result in the loss of the exemption allowed by this
16 section.

17 Sec. 54. Section 44-1861, Arizona Revised Statutes, is amended to
18 read:

19 44-1861. Fees; deposit; abandonment

20 A. By the affirmative vote of at least four commissioners, the
21 commission may establish by rule an annual fee for the registration of a
22 dealer or a salesman. The fee shall be remitted on or before the last
23 working day of December, and the commission shall deposit the fee, pursuant
24 to sections 35-146 and 35-147, in the securities regulatory and enforcement
25 fund established by section 44-2039.

26 B. The registration fee for any dealer who deals exclusively in
27 securities of which the dealer is the issuer is one hundred dollars.

28 C. For registration of securities by description, there shall be paid
29 to the commission a nonrefundable registration fee of one-tenth of one ~~per~~
30 cent PERCENT of the aggregate offering price of the securities that are to be
31 sold in this state, but in no event shall the registration fee be less than
32 two hundred dollars nor more than two thousand dollars. The amount by which
33 a registration fee exceeds one thousand five hundred dollars shall be
34 allocated to the ~~Arizona competes fund established by section 41-1545.01~~
35 GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE OPERATIONS FUND ESTABLISHED BY SECTION
36 41-5302.

37 D. By the affirmative vote of at least four commissioners, the
38 commission may establish by rule a transfer fee for a salesman transferring
39 the salesman's registration from one registered dealer to another registered
40 dealer. The commission shall deposit the fee, pursuant to sections 35-146
41 and 35-147, in the securities regulatory and enforcement fund established by
42 section 44-2039.

43 E. The initial filing of a form required for safe harbor exemptions
44 provided for in the securities act of 1933 (15 United States Code section
45 77(a) et seq.) pursuant to the rules of the commission shall be accompanied

1 by a filing fee of two hundred fifty dollars, of which fifty dollars shall be
2 allocated to the ~~Arizona competes fund established by section 41-1545.01~~
3 GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE OPERATIONS FUND ESTABLISHED BY SECTION
4 41-5302. The final filing of the form, if separate from the initial filing,
5 shall be accompanied by a filing fee of one hundred dollars that is allocated
6 to the ~~Arizona competes fund established by section 41-1545.01~~ GOVERNOR'S
7 ECONOMIC OPPORTUNITY OFFICE OPERATIONS FUND ESTABLISHED BY SECTION 41-5302.

8 F. For a name change of securities registered by qualification or
9 description, a filing fee of one hundred dollars is payable to the
10 commission.

11 G. For filing a notice required by the commission by rule pursuant to
12 section 44-1845, a filing fee of one hundred dollars is payable to the
13 commission.

14 H. For filing a petition pursuant to section 44-1846, a filing fee of
15 two hundred fifty dollars is payable to the commission.

16 I. Except as provided in subsections A, C, D, E and P of this section,
17 section 44-1843 and section 44-1892, paragraph 3, all fees collected under
18 this chapter shall be deposited in the state general fund.

19 J. An issuer who sells securities in this state in excess of the
20 aggregate amount of securities registered in this state, while the
21 registration is still effective, may apply to register the excess securities
22 by paying three times the difference between the initial registration fee
23 paid and the registration fee required under subsection C of this section or
24 section 44-1892, paragraph 3. Registration of the excess securities, if
25 granted, is effective retroactively to the date of the existing registration.

26 K. An application for registration of securities or registration of a
27 dealer or salesman or an incomplete notice filing is deemed abandoned if
28 both:

29 1. The application or notice filing has been on file with the
30 commission for at least six months or the applicant or notice filer has
31 failed to respond to a request for information for at least two months after
32 the date of the request.

33 2. The applicant or notice filer has failed to respond to the
34 commission's notice of warning of abandonment within sixty calendar days
35 after the date of the warning.

36 L. The commission shall retain fees collected in connection with
37 abandoned applications or notice filings for deposit in the state general
38 fund.

39 M. The nonrefundable filing fee for a request for a no-action letter
40 from the securities division is two hundred dollars.

41 N. The nonrefundable filing fee for an application for registration
42 pursuant to section 44-1902 is two hundred fifty dollars.

43 O. The fee for submitting fingerprint cards to the department of
44 public safety is the fee required by that department.

1 P. Any securities exchange established in this state shall pay to the
2 commission on or before March 15 of each calendar year an exchange
3 registration fee in an amount equal to two-tenths of one cent for each share,
4 bond or option or any other single unit of a security that is exchanged
5 during each preceding calendar year. The commission shall deposit the fee,
6 pursuant to sections 35-146 and 35-147, in the securities regulatory and
7 enforcement fund established by section 44-2039 for the purpose of regulating
8 the securities exchange. The commission, by rule, may exempt any sale of
9 securities or any class of sales of securities from the fee imposed by this
10 subsection if it finds that an exemption is consistent with the public
11 interest and the equal regulation of the market and brokers and dealers.

12 Sec. 55. Section 44-1892, Arizona Revised Statutes, is amended to
13 read:

14 44-1892. Documents required for application for registration by
15 qualification; fee

16 Application for registration of securities by qualification shall be
17 made by the issuer of the securities by filing with the commission the
18 following documents:

19 1. An application for registration of securities by qualification as
20 provided by section 44-1893.

21 2. A prospectus as provided by section 44-1894, except as provided in
22 section 44-1901.

23 3. A nonrefundable registration fee of one-tenth of one ~~per cent~~
24 PERCENT of the aggregate offering price of securities to be sold in this
25 state, but the registration fee shall not be less than two hundred nor more
26 than two thousand dollars. The amount by which a registration fee exceeds
27 one thousand five hundred dollars shall be allocated to the ~~Arizona competes~~
28 ~~fund established by section 41-1545.01~~ GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE
29 OPERATIONS FUND ESTABLISHED BY SECTION 41-5302.

30 4. A consent to service of process as provided by section 44-1862, if
31 the issuer is not domiciled in this state and is not an entity organized
32 under the laws of this state.

33 Sec. 56. Section 44-3324, Arizona Revised Statutes, is amended to
34 read:

35 44-3324. Notice filing fees

36 A. When filing its initial notice filing, an open-end company shall
37 pay a nonrefundable notice filing fee for sales to be made during the initial
38 notice period. The open-end company may elect to pay either a minimum fee of
39 two hundred dollars or a maximum fee of three thousand five hundred dollars.
40 If paying the maximum fee, an open-end company is not required to file a
41 sales report at the expiration of the notice period.

42 B. An open-end company that renews its notice filing in accordance
43 with section 44-3322, subsection B shall pay both of the following
44 nonrefundable notice filing fees no later than the expiration of the current
45 notice period:

1 1. For sales to be made during the current fiscal year, the open-end
2 company may elect to pay either a minimum fee of two hundred dollars or a
3 maximum fee of three thousand five hundred dollars. If paying the maximum
4 fee, an open-end company is not required to file a sales report at the time
5 of its next renewal notice filing.

6 2. A fee for sales that occurred during the prior fiscal year, as
7 those sales are reported pursuant to section 44-3323, subsection C. The fee
8 is equal to one-tenth of one ~~per-cent~~ PERCENT of the aggregate dollar amount
9 of securities actually sold in this state during the prior fiscal year minus
10 two hundred dollars, but in no event more than three thousand three hundred
11 dollars. If the maximum fee was previously paid for the prior fiscal year,
12 the open-end company is not required to pay any additional fees under this
13 paragraph.

14 C. An open-end company that does not renew its notice filing in
15 accordance with section 44-3322, subsection B and that did not previously pay
16 the maximum fee for the notice period shall pay a nonrefundable notice filing
17 fee no later than two months after the expiration of its current notice
18 period for sales that occurred during the prior fiscal year and during the
19 two month period from the end of the prior fiscal year to the expiration of
20 the notice period, as those sales are reported pursuant to section 44-3323,
21 subsection D. The fee is equal to one-tenth of one ~~per-cent~~ PERCENT of the
22 aggregate dollar amount of securities actually sold in this state during the
23 prior fiscal year and during the two month period from the end of the prior
24 fiscal year to the expiration of the notice period minus two hundred dollars,
25 but in no event more than three thousand three hundred dollars. If the
26 maximum fee was previously paid for the prior fiscal year, the open-end
27 company is not required to pay any additional fees under this subsection.

28 D. When filing its initial notice filing, a unit investment trust
29 shall pay a nonrefundable notice filing fee for sales to be made during the
30 initial notice period. The unit investment trust may elect to pay either a
31 minimum fee of two hundred dollars or a maximum fee of three thousand five
32 hundred dollars. If paying the maximum fee, the unit investment trust is not
33 required to file a sales report at the end of the expiration of the notice
34 period.

35 E. A unit investment trust that elects to renew its notice filing in
36 accordance with section 44-3322, subsection C shall pay both of the following
37 nonrefundable notice filing fees:

38 1. For sales to be made during the renewal notice period, a unit
39 investment trust may elect to pay either a minimum fee of two hundred dollars
40 or a maximum fee of three thousand five hundred dollars. The fee shall be
41 paid no later than the expiration date of the current notice period. If
42 paying the maximum fee, a unit investment trust is not required to file a
43 sales report within two months after the expiration of the renewal notice
44 period.

1 2. A fee for sales that occurred during the expiring notice period, as
2 those sales are reported pursuant to section 44-3323, subsection E. The fee
3 shall be equal to one-tenth of one ~~per-cent~~ PERCENT of the aggregate dollar
4 amount of securities actually sold in this state by the unit investment trust
5 during the prior notice period minus two hundred dollars, but in no event
6 more than three thousand three hundred dollars. The fee shall be paid no
7 later than two months after the expiration date of the prior notice period.
8 If the maximum fee was previously paid for the expiring notice period, the
9 unit investment trust is not required to pay any additional fees under this
10 paragraph.

11 F. A unit investment trust that does not renew its notice filing in
12 accordance with section 44-3322, subsection C and that did not previously pay
13 the maximum fee for the notice period shall pay, within two months after the
14 expiration of the notice period, a nonrefundable notice filing fee for sales
15 that occurred during the prior notice period as such sales are reported
16 pursuant to section 44-3323, subsection F. The fee is equal to one-tenth of
17 one ~~per-cent~~ PERCENT of the aggregate dollar amount of securities actually
18 sold in this state by the unit investment trust during the prior notice
19 period minus two hundred dollars, but in no event more than three thousand
20 three hundred dollars. If the maximum fee was previously paid for the
21 expiring notice period, the unit investment trust is not required to pay any
22 additional fees under this subsection.

23 G. An issuer that fails to timely file any sales report required by
24 section 44-3323 shall pay a late filing fee in the amount of two hundred
25 dollars. An issuer that fails to timely pay any notice filing fees required
26 pursuant to this section shall pay the required notice filing fee together
27 with a late payment fee equal to one-half of the amount of the required
28 notice filing fee.

29 H. The fees collected pursuant to this section shall be deposited as
30 follows:

31 1. Eighty ~~per-cent~~ PERCENT in the securities regulatory and
32 enforcement fund established by section 44-2039.

33 2. Ten ~~per-cent~~ PERCENT in the ~~Arizona competes fund established by~~
34 ~~section 41-1545.01~~ GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE OPERATIONS FUND
35 ESTABLISHED BY SECTION 41-5302.

36 3. Ten ~~per-cent~~ PERCENT in the investment management regulatory and
37 enforcement fund established by section 44-3298.

38 Sec. 57. Section 44-3325, Arizona Revised Statutes, is amended to
39 read:

40 44-3325. Notice filings by closed-end companies

41 A. Securities that are issued by a closed-end company may be offered
42 for sale and sold in this state if the commission receives all of the
43 following from the closed-end company:

44 1. The documents that are filed with the SEC and that are required by
45 the commission.

1 2. A consent to service of process.
2 3. A notice filing fee calculated pursuant to this section.
3 B. A notice filing is effective and renewable on the filing date with
4 the commission or the effective date with the SEC, whichever occurs last, and
5 the notice filing is effective for one year from that date.
6 C. A closed-end company shall include with the company's notice filing
7 a notice filing fee of one-tenth of one ~~per cent~~ PERCENT of the aggregate
8 offering price of securities sold in this state, but the fee shall not be
9 less than two hundred dollars and not more than two thousand dollars. The
10 amount by which a notice filing fee exceeds one thousand five hundred dollars
11 shall be allocated to the ~~Arizona competes fund established by section~~
12 ~~41-1545.01~~ GOVERNOR'S ECONOMIC OPPORTUNITY OFFICE OPERATIONS FUND ESTABLISHED
13 BY SECTION 41-5302.
14 D. A closed-end company shall file a report of all sales of securities
15 to persons in this state during the period of the notice filing. The
16 closed-end company shall file the report with the commission within sixty
17 days after the termination date of the offering within this state or the
18 expiration date of the notice filing, whichever occurs first. A closed-end
19 company that fails to timely file a report of sales shall pay a late filing
20 fee of two hundred dollars.
21 Sec. 58. Section 48-6202, Arizona Revised Statutes, is amended to
22 read:
23 48-6202. Formation of district
24 A. The governing bodies of a city with a population of more than one
25 million persons and a county with a population of more than one hundred
26 twenty-five thousand but less than one hundred fifty thousand persons and a
27 city with a population of more than three thousand persons but less than five
28 thousand persons that is located entirely in that county may establish in any
29 combination that includes the county a theme park district as provided by
30 this chapter. For the purposes of this subsection, the population shall be
31 determined according to the most recent population estimate data produced by
32 the ~~office of employment and population statistics~~ GOVERNOR'S ECONOMIC
33 OPPORTUNITY OFFICE at the time the district is established. The district may
34 include theme park sites in one or both cities or in the county establishing
35 the district, or in any combination of a city or cities and a county,
36 including a combination of a county with a population of more than one
37 hundred twenty-five thousand but less than one hundred fifty thousand persons
38 and a city with a population of more than three thousand persons but less
39 than five thousand persons that is located entirely in that county. The city
40 or cities and the county shall establish the geographical boundaries of the
41 district, which shall include only the sites of the theme parks. The
42 district may be established with a single theme park site, any additional
43 sites may be added after the district is initially established and the
44 geographical boundaries of the district may be revised after it is initially
45 established.

1 B. The district is a corporate and political body and, except as
2 otherwise limited, modified or provided by this chapter, has all of the
3 rights, powers and immunities of municipal corporations.

4 C. The district is considered to be a tax levying public improvement
5 district for the purposes of article XIII, section 7, Constitution of
6 Arizona.

7 D. The district is regarded as performing a governmental function in
8 carrying out the purposes of this chapter. The property acquired or
9 constructed by the district, the activities of the district in maintaining
10 and caring for the property and the monies derived by the district from
11 operating the property are exempt from state and local income and property
12 taxation.

13 Sec. 59. Section 49-1201, Arizona Revised Statutes, is amended to
14 read:

15 49-1201. Definitions

16 In this chapter, unless the context otherwise requires:

17 1. "Authority" means the water infrastructure authority of Arizona.

18 2. "Board" means the board of directors of the ARIZONA FINANCE
19 authority ESTABLISHED BY TITLE 41, CHAPTER 53, ARTICLE 2.

20 3. "Bonds of a political subdivision" means bonds issued by a
21 political subdivision as authorized by law.

22 4. "Clean water act" means the federal water pollution control act
23 amendments of 1972 (P.L. 92-500; 86 Stat. 816), as amended by the water
24 quality act of 1987 (P.L. 100-4; 101 Stat. 7).

25 ~~5. "Committee" means the water supply development fund committee~~
26 ~~established by section 49-1202, subsection B.~~

27 ~~6.~~ 5. "Drinking water facility" means a community water system or a
28 nonprofit noncommunity water system as defined in the safe drinking water act
29 OF 1974 (P.L. 93-523; 88 Stat. ~~1660~~ 1661; P.L. 95-190; 91 Stat. 1393;
30 P.L. 104-182; 110 Stat. 1613) that is located in this state. For purposes of
31 this chapter, drinking water facility does not include water systems owned by
32 federal agencies.

33 ~~7.~~ 6. "Financial assistance loan repayment agreement" means an
34 agreement to repay a loan provided to design, construct, acquire,
35 rehabilitate or improve water or wastewater infrastructure, related property
36 and appurtenances or a loan provided to finance a water supply development
37 project.

38 ~~8.~~ 7. "Indian tribe" means any Indian tribe, band, group or community
39 that is recognized by the United States secretary of the interior and that
40 exercises governmental authority within the limits of any Indian reservation
41 under the jurisdiction of the United States government, notwithstanding the
42 issuance of any patent and including rights-of-way running through the
43 reservation.

44 ~~9.~~ 8. "Nonpoint source project" means a project designed to implement
45 a certified water quality management plan.

1 ~~10-~~ 9. "Political subdivision" means a county, city, town or special
2 taxing district authorized by law to construct wastewater treatment
3 facilities, drinking water facilities or nonpoint source projects.

4 ~~11-~~ 10. "Safe drinking water act" means the federal safe drinking
5 water act OF 1974 (P.L. 93-523; 88 Stat. ~~1660~~ 1661; P.L. 95-190; 91 Stat.
6 1393; P.L. 104-182; 110 Stat. 1613), as amended in 1996.

7 ~~12-~~ 11. "Technical assistance loan repayment agreement" means either
8 of the following:

9 (a) An agreement to repay a loan provided to develop, plan and design
10 water or wastewater infrastructure, related property and appurtenances. The
11 agreement shall be for a term of not more than three years and the maximum
12 amount that may be borrowed is limited to not more than five hundred thousand
13 dollars.

14 (b) An agreement to repay a loan provided to develop, plan or design a
15 water supply development project.

16 ~~13-~~ 12. "Wastewater treatment facility" means a treatment works, as
17 defined in section 212 of the clean water act, that is located in this state
18 and that is designed to hold, cleanse or purify or to prevent the discharge
19 of untreated or inadequately treated sewage or other polluted waters for
20 purposes of complying with the clean water act.

21 ~~14-~~ 13. "Water provider" means any of the following:

22 (a) A municipal water delivery system as defined in section 42-5301,
23 paragraphs 1 and 3.

24 (b) A municipal water delivery system as defined in section 42-5301,
25 paragraph 2, which has entered into a partnership with a city, town or county
26 for a water supply augmentation plan.

27 (c) A county water augmentation authority established under title 45,
28 chapter 11.

29 (d) A county water authority established under title 45, chapter 13.

30 (e) An Indian tribe.

31 (f) A community facilities district as established by title 48,
32 chapter 4.

33 (g) For purposes of funding from the water supply development
34 revolving fund pursuant to article 3 of this chapter only, a county that
35 enters into an intergovernmental agreement or other formal written agreement
36 with a city, town or other water provider regarding a water supply
37 development project.

38 ~~15-~~ 14. "Water supply development" means either of the following:

39 (a) The acquisition of water or rights to or contracts for water to
40 augment the water supply of a water provider, including any environmental or
41 other reviews, permits or plans reasonably necessary for that acquisition.

42 (b) The development of facilities, including any environmental or
43 other reviews, permits or plans reasonably necessary for those facilities,
44 for any of the following purposes:

45 (i) Conveyance, storage or recovery of water.

1 (ii) Reclamation and reuse of water.

2 (iii) Replenishment of groundwater.

3 Sec. 60. Section 49-1202, Arizona Revised Statutes, is amended to
4 read:

5 49-1202. Water infrastructure finance authority of Arizona

6 ~~A.~~ The water infrastructure finance authority of Arizona is
7 established ~~IN THE ARIZONA FINANCE AUTHORITY.~~ ~~A THE ARIZONA FINANCE~~
8 ~~AUTHORITY~~ board of directors shall govern the ~~WATER INFRASTRUCTURE FINANCE~~
9 authority ~~OF ARIZONA.~~ ~~The board of directors consists of:~~

10 ~~1. The director of environmental quality, or the director's~~
11 ~~representative, who serves as chairman.~~

12 ~~2. The chief executive officer of the Arizona commerce authority or~~
13 ~~the chief executive officer's representative.~~

14 ~~3. The state treasurer or the treasurer's representative.~~

15 ~~4. One member who is appointed by the governor to represent~~
16 ~~municipalities with populations of fifty thousand persons or more.~~

17 ~~5. One member who is appointed by the governor to represent~~
18 ~~municipalities with populations of less than fifty thousand persons from a~~
19 ~~county with a population of less than five hundred thousand persons.~~

20 ~~6. One member who is appointed by the governor to represent counties~~
21 ~~with populations of five hundred thousand persons or more.~~

22 ~~7. One member who is appointed by the governor to represent sanitary~~
23 ~~districts in counties with populations of less than five hundred thousand~~
24 ~~persons.~~

25 ~~8. The director of water resources or the director's representative.~~

26 ~~9. The chairman of the Arizona corporation commission or the~~
27 ~~chairman's representative.~~

28 ~~10. One member who is appointed by the governor from a public water~~
29 ~~system that serves five hundred persons or more.~~

30 ~~11. One member who is appointed by the governor from a public water~~
31 ~~system that serves fewer than five hundred persons.~~

32 ~~12. One member who is appointed by the governor to represent Indian~~
33 ~~tribes.~~

34 ~~B. The water supply development fund committee of the authority is~~
35 ~~established. The committee consists of:~~

36 ~~1. The director of water resources, or the director's representative,~~
37 ~~who serves as chairperson of the committee.~~

38 ~~2. The director of environmental quality, or the director's~~
39 ~~representative, who serves as vice chairperson of the committee.~~

40 ~~3. The chairman of the corporation commission or the chairman's~~
41 ~~representative.~~

42 ~~4. The state treasurer or the treasurer's representative.~~

43 ~~5. One member who is appointed by the governor to represent~~
44 ~~municipalities with populations of fifty thousand persons or more but less~~
45 ~~than one hundred thousand persons.~~

- 1 ~~6. One member who is appointed by the governor to represent~~
2 ~~municipalities with populations of less than fifty thousand persons from a~~
3 ~~county with a population of less than five hundred thousand persons.~~
4 ~~7. One member who is appointed by the governor to represent counties~~
5 ~~with populations of less than eight hundred thousand persons.~~
6 ~~8. One member who is appointed by the governor to represent counties~~
7 ~~with populations of eight hundred thousand persons or more but less than one~~
8 ~~million five hundred thousand persons.~~
9 ~~9. One member who is appointed by the governor to represent counties~~
10 ~~with populations of one million five hundred thousand persons or more.~~
11 ~~10. One member who is appointed by the governor to represent cities~~
12 ~~with populations of more than one hundred thousand persons in counties with~~
13 ~~populations of more than one million persons.~~
14 ~~11. One member who is appointed by the governor from a public service~~
15 ~~corporation that serves one thousand eight hundred fifty persons or more.~~
16 ~~12. One member who is appointed by the governor from a public water~~
17 ~~system that serves fewer than one thousand eight hundred fifty persons.~~
18 ~~13. One member who is appointed by the governor to represent Indian~~
19 ~~tribes.~~
20 ~~C. Members of the board and the committee who are appointed by the~~
21 ~~governor serve at the governor's pleasure and serve staggered five year~~
22 ~~terms. Members of the board and the committee are not eligible to receive~~
23 ~~compensation for their services but are eligible for reimbursement for travel~~
24 ~~and other expenses pursuant to title 38, chapter 4, article 2. Members of~~
25 ~~the board and the committee are public officers for purposes of title 38, and~~
26 ~~the authority and the committee are public bodies for purposes of title 38,~~
27 ~~chapter 3, article 3.1.~~
28 ~~D. Members of the board shall not have any direct or indirect personal~~
29 ~~financial interest in any clean water or drinking water project financed~~
30 ~~under this article. Members of the committee shall not have any direct or~~
31 ~~indirect personal financial interest in any water supply development project~~
32 ~~financed under this article. For the purposes of this subsection, a member~~
33 ~~of the board or the committee who is a full-time employee of a participant in~~
34 ~~or applicant for a loan does not have a direct or indirect personal financial~~
35 ~~interest in a project. A violation of this subsection is a class 1~~
36 ~~misdemeanor.~~
37 ~~E. The department of environmental quality shall provide clerical~~
38 ~~support and office and meeting space to the board.~~
39 ~~F. The department of water resources shall provide technical~~
40 ~~assistance to the committee as requested by the committee.~~

1 Sec. 61. Section 49-1203, Arizona Revised Statutes, is amended to
2 read:

3 49-1203. Powers and duties of authority; definition

4 A. The authority is a corporate and politic body and shall have an
5 official seal that shall be judicially noticed. The authority may sue and be
6 sued, contract and acquire, hold, operate and dispose of property.

7 B. The authority, through its board, may:

8 1. Issue negotiable water quality bonds pursuant to section 49-1261
9 for the following purposes:

10 (a) To generate the state match required by the clean water act for
11 the clean water revolving fund and to generate the match required by the safe
12 drinking water act for the drinking water revolving fund.

13 (b) To provide financial assistance to political subdivisions, Indian
14 tribes and eligible drinking water facilities for constructing, acquiring or
15 improving wastewater treatment facilities, drinking water facilities,
16 nonpoint source projects and other related water quality facilities and
17 projects.

18 2. Issue water supply development bonds for the purpose of providing
19 financial assistance to water providers for water supply development purposes
20 pursuant to sections 49-1274 and 49-1275.

21 3. Provide financial assistance to political subdivisions and Indian
22 tribes from monies in the clean water revolving fund to finance wastewater
23 treatment projects.

24 4. Provide financial assistance to drinking water facilities from
25 monies in the drinking water revolving fund to finance these facilities.

26 5. Provide financial assistance to water providers from monies in the
27 water supply development revolving fund to finance water supply development.

28 6. Guarantee debt obligations of, and provide linked deposit
29 guarantees through third party lenders to:

30 (a) Political subdivisions that are issued to finance wastewater
31 treatment projects.

32 (b) Drinking water facilities that are issued to finance these
33 facilities.

34 (c) Water providers that are issued to finance water supply
35 development projects.

36 7. Provide linked deposit guarantees through third party lenders to
37 political subdivisions, drinking water facilities and water providers.

38 8. Apply for, accept and administer grants and other financial
39 assistance from the United States government and from other public and
40 private sources.

41 9. Enter into capitalization grant agreements with the United States
42 environmental protection agency.

43 10. Adopt rules pursuant to title 41, chapter 6 governing the
44 application for and awarding of wastewater treatment facility, drinking water
45 facility and nonpoint source project financial assistance under this chapter,

1 the administration of the clean water revolving fund and the drinking water
2 revolving fund and the issuance of water quality bonds.

3 11. Subject to title 41, chapter 4, article 4, hire a director and
4 staff for the authority.

5 12. Contract for the services of outside advisors, attorneys,
6 consultants and aides reasonably necessary or desirable to allow the
7 authority to adequately perform its duties.

8 13. Contract and incur obligations as reasonably necessary or desirable
9 within the general scope of authority activities and operations to allow the
10 authority to adequately perform its duties.

11 14. Assess financial assistance origination fees and annual fees to
12 cover the reasonable costs of administering the authority and the monies
13 administered by the authority. Any fees collected pursuant to this paragraph
14 constitute governmental revenue and may be used for any purpose consistent
15 with the mission and objectives of the authority.

16 15. Perform any function of a fund manager under the CERCLA Brownfields
17 cleanup revolving loan fund program as requested by the department. The
18 board shall perform any action authorized under this article on behalf of the
19 Brownfields cleanup revolving loan fund program established pursuant to
20 chapter 2, article 1.1 of this title at the request of the department. In
21 order to perform these functions, the board shall enter into a written
22 agreement with the department.

23 16. Provide grants, staff assistance or technical assistance in the
24 form of loan repayment agreements and other professional assistance to
25 political subdivisions, any county with a population of less than five
26 hundred thousand persons, Indian tribes and community water systems in
27 connection with the development or financing of wastewater, drinking water,
28 water reclamation or related water infrastructure. Assistance provided under
29 a technical assistance loan repayment agreement shall be in a form and under
30 terms determined by the authority and shall be repaid not more than three
31 years after the date that the monies are advanced to the applicant. The
32 provision of technical assistance by the authority does not create any
33 liability for the authority or this state regarding the design, construction
34 or operation of any infrastructure project.

35 17. Provide grants, staff assistance or technical assistance in the
36 form of loan repayment agreements and other professional assistance to water
37 providers in connection with the planning or design of water supply
38 development projects ~~as determined by the committee pursuant to section~~
39 ~~49-1274~~. A single grant shall not exceed one hundred thousand dollars.
40 Assistance provided under a technical assistance loan repayment agreement
41 shall be ~~in a form and under terms determined by the committee and shall be~~
42 repaid not more than three years after the date that the monies are advanced
43 to the applicant. The provision of technical assistance by the authority ~~or~~
44 ~~the committee~~ does not create any liability for the authority, ~~the committee~~

1 or this state regarding the design, construction or operation of any water
2 supply development project.

3 C. The authority, ~~in consultation with the committee,~~ may:—

4 ~~1.~~ adopt rules pursuant to title 41, chapter 6 governing the
5 application for and awarding of water supply development fund project
6 financial assistance under this chapter and the administration of the water
7 supply development revolving fund.

8 ~~2. Appoint a technical advisory subcommittee of not more than five~~
9 ~~persons with expertise in water resource planning and development to advise~~
10 ~~the committee regarding the technical feasibility of water supply development~~
11 ~~projects.~~

12 D. The board shall deposit, pursuant to sections 35-146 and 35-147,
13 any monies received pursuant to subsection B, paragraph 8 of this section in
14 the appropriate fund as prescribed by the grant or other financial assistance
15 agreement.

16 E. Disbursements of monies by the water infrastructure finance
17 authority pursuant to a financial assistance agreement are not subject to
18 title 41, chapter 23.

19 F. For the purposes of the safe drinking water act, the department of
20 environmental quality is the state agency with primary responsibility for
21 administration of this state's public water system supervision program and,
22 in consultation with other appropriate state agencies, is the lead agency in
23 establishing assistance priorities as prescribed by section 49-1243,
24 subsection A, paragraph 6 and section 49-1244, subsection B, paragraph 3.

25 G. For the purposes of this section, "CERCLA" has the same meaning
26 prescribed in section 49-201.

27 Sec. 62. Department of administration; transfer; governor's
28 economic opportunity office; lapsing; exemption

29 A. Notwithstanding any other law, on the effective date of this act,
30 the amount of \$568,700, on a prorated basis, and any related appropriation in
31 fiscal year 2016-2017 are transferred from the state general fund operating
32 lump sum appropriation for the department of administration to the governor's
33 economic opportunity office.

34 B. The transfer made in subsection A of this section is exempt from
35 the provisions of section 35-190, Arizona Revised Statutes, relating to
36 lapsing of appropriations.

37 Sec. 63. Transfer of monies

38 All unexpended and unencumbered monies, as of the date of the
39 establishment of the Arizona industrial development authority, remaining in
40 the Arizona international development authority fund established by section
41 41-4505, Arizona Revised Statutes, as repealed by this act, or any bank
42 accounts or funds established pursuant to title 36, chapter 4.2, Arizona
43 Revised Statutes, as repealed by this act, title 41, chapter 37, article 1,
44 Arizona Revised Statutes, as repealed by this act, or title 41, chapter 45,
45 Arizona Revised Statutes, as repealed by this act, are transferred to the

1 Arizona industrial development authority established pursuant to title 35,
2 chapter 5, article 1, Arizona Revised Statutes.

3 Sec. 64. Purpose

4 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,
5 the legislature establishes the governor's economic opportunity office to
6 facilitate the beneficial economic growth and development of this state and
7 to promote prosperity through development and protection of the legitimate
8 interests of Arizona business, industry and commerce within and outside this
9 state.

10 Sec. 65. Transfer of powers; effect

11 A. All matters, including contracts, obligations, agreements, orders
12 and judicial or quasi-judicial actions, whether completed or pending, of the
13 department of economic security relating to the development of allocation
14 formulas for the distribution of workforce innovation and opportunity act
15 (P.L. 113-128; 128 Stat. 1425) monies, and the Arizona commerce authority and
16 the Arizona department of administration relating to the workforce innovation
17 and opportunity act (P.L. 113-128; 128 Stat. 1425), are transferred, on the
18 effective date of this act, and maintain the same status with the governor's
19 economic opportunity office.

20 B. Rules adopted by the department of economic security and the
21 Arizona commerce authority for purposes of implementing the workforce
22 innovation and opportunity act (P.L. 113-128; 128 Stat. 1425) are effective
23 until superseded by rules adopted by the governor's economic opportunity
24 office.

25 C. All personnel, property and records, all data and investigative
26 findings and all monies remaining unspent and unencumbered of the department
27 of economic security and the Arizona commerce authority related to the
28 activities outlined in subsection A of this section are transferred to the
29 governor's economic opportunity office and may be used for the purposes of
30 this act.

31 Sec. 66. Arizona finance authority; bond volume

32 The Arizona finance authority assumes the administration of the bond
33 volume cap allocation process on the effective date of this act.

34 Sec. 67. Succession

35 A. As provided by this act, the Arizona industrial development
36 authority established pursuant to title 35, chapter 5, article 1, Arizona
37 Revised Statutes, succeeds to the authority, powers, duties and
38 responsibilities of the Arizona health facilities authority, the Arizona
39 housing finance authority and the Arizona international development
40 authority.

41 B. This act does not alter the effect of any actions that were taken
42 or impair the valid obligations of the Arizona health facilities authority,
43 the Arizona housing finance authority and the Arizona international
44 development authority in existence before the effective date of this act.

1 C. Administrative rules and orders that were adopted by the Arizona
2 health facilities authority, the Arizona housing finance authority and the
3 Arizona international development authority continue in effect until
4 superseded by administrative action by the Arizona industrial development
5 authority established pursuant to title 35, chapter 5, article 1, Arizona
6 Revised Statutes.

7 D. All administrative matters, contracts and judicial and
8 quasi-judicial actions, whether completed, pending or in process, of the
9 Arizona health facilities authority, the Arizona housing finance authority
10 and the Arizona international development authority on the effective date of
11 this act are transferred to and retain the same status with the Arizona
12 industrial development authority established pursuant to title 35, chapter 5,
13 article 1, Arizona Revised Statutes.

14 E. All certificates, licenses, registrations, permits and other
15 indicia of qualification and authority that were issued by the Arizona health
16 facilities authority, the Arizona housing finance authority and the Arizona
17 international development authority retain their validity for the duration of
18 their terms of validity as provided by law.

19 F. All equipment, records, furnishings and other property, all data
20 and investigative findings, obligations and all appropriated monies that
21 remain unexpended and unencumbered on the effective date of this act of the
22 Arizona health facilities authority, the Arizona housing finance authority
23 and the Arizona international development authority are transferred to the
24 Arizona industrial development authority established pursuant to title 35,
25 chapter 5, article 1, Arizona Revised Statutes. The director of the
26 department of administration shall determine and allocate the transfer,
27 consistent with the provisions of this act.

28 G. All personnel who are under the state personnel system and employed
29 by the Arizona health facilities authority, the Arizona housing finance
30 authority and the Arizona international development authority are transferred
31 to comparable positions and pay classifications in the respective
32 administrative units of the Arizona industrial development authority
33 established pursuant to title 35, chapter 5, article 1, Arizona Revised
34 Statutes, on effective date of this act.

35 Sec. 68. Exemption from rulemaking

36 For the purposes of this act, the governor's economic opportunity
37 office and the Arizona finance authority are exempt from the rulemaking
38 requirements of title 41, chapter 6, Arizona Revised Statutes, for one year
39 after the effective date of this act.

40 Sec. 69. Effective date

41 Sections 35-902, 35-903, 35-904, 35-905, 35-907, 35-909, 35-910 and
42 41-3953, Arizona Revised Statutes, as amended by this act, are effective from
43 and after December 31, 2016.