

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

HOUSE BILL 2666

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, 35-721, 35-722, 35-726, 35-751, 35-761, 35-762, 35-901 AND 35-902, ARIZONA REVISED STATUTES; AMENDING SECTION 35-902, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTIONS 35-903 AND 35-904, ARIZONA REVISED STATUTES; AMENDING SECTION 35-904, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTIONS 35-905 AND 35-906, ARIZONA REVISED STATUTES; AMENDING SECTION 35-906, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTION 35-907, ARIZONA REVISED STATUTES; AMENDING SECTION 35-907, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTIONS 35-908 AND 35-913, ARIZONA REVISED STATUTES; REPEALING TITLE 36, CHAPTER 4.2, ARIZONA REVISED STATUTES; AMENDING SECTIONS 37-1015, 41-1052, 41-1502, 41-1504, 41-1512, 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 AND 41-3019.03, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3023.15; 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 TITLE 41, CHAPTER 53, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 41-5403 AND 41-5404; AMENDING SECTIONS 43-1083.03, 43-1164.04, 44-1843, 44-1861, 44-1892, 44-3324, 44-3325, 48-6202, 49-1201, 49-1202 AND 49-1203, ARIZONA REVISED STATUTES; AMENDING LAWS 2009, CHAPTER 96, SECTION 17, AS AMENDED BY LAWS 2012, CHAPTER 343, SECTION 18; REPEALING SECTIONS 41-1512, 43-1083.03 AND 43-1164.04, 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~~ OFFICE OF ECONOMIC OPPORTUNITY as of July 1 of each year.

21 C. A person issued a license authorized by subsection B of this
22 section shall pay an additional issuance fee equal to the license's fair
23 market value that shall be paid to the state general fund. The fair market
24 value shall be defined to mean the mean value of licenses of the same type
25 sold on the open market in the same county during the prior twelve months,
26 but if there are not three or more sales then the fair market value shall be
27 determined by two appraisals furnished to the department by independent
28 professional appraisers employed by the director.

29 D. The director shall employ professional appraisal services to
30 determine the fair market value of bar, beer and wine bar or liquor store
31 licenses.

32 E. If more than one person applies for an available license, a
33 priority of applicants shall be determined by a random selection method
34 prescribed by the director.

35 F. After January 1, 2011, bar licenses and beer and wine bar licenses
36 shall be issued and used only if the clear primary purpose and actual primary
37 use is for on-sale retailer privileges. The off-sale privileges associated
38 with a bar license and a beer and wine bar license shall be limited to use,
39 which is clearly auxiliary to the active primary on-sale privilege. A bar
40 license or a beer and wine bar license shall not be issued or used if the
41 associated off-sale use, by total retail spirituous liquor sales, exceeds
42 thirty ~~per cent~~ PERCENT of the sales price of on-sale spirituous liquors by
43 the licensee at that location. For dual licenses issued pursuant to a single
44 site or where a second license is issued to a site that already has a
45 spirituous liquor license, other than settlement licenses issued as provided

1 by law, the applicant shall have the burden of establishing that public
2 convenience and the best interest of the community will be served by the
3 issuance of the license.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 L. The director may issue a beer and wine store license to the holder
34 of a bar license simultaneously at the same premises. An applicant for a
35 beer and wine store license and a bar license may consolidate the application
36 and may apply for both licenses at the same time. The holder of each license
37 shall fully comply with all applicable provisions of this title. A beer and
38 wine store license and a bar license on the same premises shall be owned by
39 and issued to the same licensee. If a beer and wine store license and a bar
40 license are issued at the same premises, for purposes of reporting liquor
41 purchases under each license, all off-sale beer and wine sales are
42 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~~ OFFICE OF ECONOMIC OPPORTUNITY, the question of whether
44 the county shall elect five members to the board of supervisors. The ballots
45 must contain the words: "Five supervisors, yes. Five supervisors, no." If

1 approved by a majority of the qualified electors of that county who voted on
2 the question, the board of supervisors shall redistrict the county pursuant
3 to section 11-212. The county thereafter shall elect at the next general
4 election immediately following the election at which the question is approved
5 the prescribed number of members to the board of supervisors who shall have
6 the same qualifications as provided in subsection A of this section. The
7 following apply to the election for the county board of supervisors
8 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~~ OFFICE OF ECONOMIC OPPORTUNITY.

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

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

1 division had not occurred and shall then determine the contribution amounts
2 of Yuma and La Paz counties based on the proportionate share of the estimated
3 population in these counties as of July 1, 1982.

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

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

33 C. In each fiscal year, of the total amount that is specified in the
34 annual appropriation as the nonfederal portion of the cost of providing
35 long-term care services and that portion of the phased-down medicare
36 prescription drug state contribution attributable to the Arizona long-term
37 care system, excluding services and phased-down medicare prescription drug
38 state contribution costs associated with persons with developmental
39 disabilities, and that represents an increase from the amount that was
40 specified in the annual appropriation for the prior fiscal year, the state
41 shall pay fifty ~~per cent~~ PERCENT of the increase. The remaining nonfederal
42 portion of the costs shall be apportioned among the counties according to the
43 proportion that each county's net nonfederal expenditures for long-term care
44 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~~ OFFICE OF ECONOMIC OPPORTUNITY for the
40 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~~ OFFICE OF ECONOMIC
2 OPPORTUNITY. For the purposes of this subsection, "GDP price deflator" has
3 the same meaning prescribed in section 41-563. Each county's annual
4 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 OFFICE OF ECONOMIC OPPORTUNITY TO ESTABLISH WORKFORCE DATA STEWARDSHIP
22 PURSUANT TO SECTION 41-5403 TO SUPPORT THE EVALUATION OF WORKFORCE AND
23 EDUCATION PROGRAMS AND THE DEVELOPMENT OF LABOR MARKET INFORMATION.

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

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

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

40 23-722.04. Unemployment insurance information; disclosure;
41 violation; classification

42 A. THE DEPARTMENT OR THE OFFICE OF ECONOMIC OPPORTUNITY MAY DISCLOSE
43 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. THE ARIZONA BOARD OF REGENTS, UNIVERSITIES UNDER THE JURISDICTION
12 OF THE ARIZONA BOARD OF REGENTS AND COMMUNITY COLLEGE DISTRICTS TO EVALUATE
13 PROGRAM PERFORMANCE AND FOR OTHER 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, FOR THE
18 SOLE PURPOSE OF PROVIDING FOR THE PROCESSING, STORAGE AND TRANSMISSION OF
19 INFORMATION. THIS 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 OFFICE OF ECONOMIC OPPORTUNITY, THE
22 DEPARTMENT OR THE OFFICE OF ECONOMIC OPPORTUNITY SHALL DISCLOSE UNEMPLOYMENT
23 INSURANCE INFORMATION TO THE ENTITY PURSUANT TO GUIDELINES ESTABLISHED BY THE
24 WORKFORCE DATA TASK FORCE ESTABLISHED BY SECTION 41-5404 AND PURSUANT TO A
25 WRITTEN DATA SHARING AGREEMENT WITH THE REQUESTING ENTITY IN A FORM
26 DETERMINED BY THE WORKFORCE DATA TASK FORCE PURSUANT TO THE LAWS OF THIS
27 STATE AND APPLICABLE FEDERAL REGULATIONS. THE DEPARTMENT OR THE OFFICE OF
28 ECONOMIC OPPORTUNITY MAY DISCLOSE THE UNEMPLOYMENT INSURANCE INFORMATION ONLY
29 AFTER THE REQUESTING ENTITY HAS DEMONSTRATED THAT THE INFORMATION WILL BE
30 KEPT CONFIDENTIAL, EXCEPT FOR THOSE PURPOSES FOR WHICH THE INFORMATION WAS
31 PROVIDED TO THE REQUESTING ENTITY, AND THAT THE REQUESTING ENTITY HAS
32 SECURITY SAFEGUARDS IN PLACE TO PREVENT THE UNAUTHORIZED DISCLOSURE OF THE
33 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 OFFICE OF
37 ECONOMIC OPPORTUNITY MAY NOT USE FEDERAL UNEMPLOYMENT INSURANCE GRANT MONIES
38 TO PAY FOR ANY COSTS INCURRED IN PROCESSING AND HANDLING REQUESTS FOR
39 DISCLOSURE OF UNEMPLOYMENT INSURANCE INFORMATION. THE DEPARTMENT AND THE
40 OFFICE OF ECONOMIC OPPORTUNITY, IN CONSULTATION WITH THE WORKFORCE DATA TASK
41 FORCE, SHALL ESTABLISH A RATE STRUCTURE THAT COMPLIES WITH 20 CODE OF FEDERAL
42 REGULATIONS SECTION 603.8 FOR COSTS INCURRED IN PROCESSING REQUESTS FOR
43 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 OFFICE OF ECONOMIC OPPORTUNITY
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 OFFICE OF ECONOMIC OPPORTUNITY OR
6 AUTHORIZATION AS OTHERWISE PROVIDED BY LAW IS GUILTY OF A CLASS 3
7 MISDEMEANOR.

8 E. THE OFFICE OF ECONOMIC OPPORTUNITY MAY USE UNEMPLOYMENT INSURANCE
9 INFORMATION TO PERFORM ECONOMIC ANALYSIS, FOR THE DEVELOPMENT OF LABOR MARKET
10 INFORMATION AND A STATE WORKFORCE EVALUATION DATA SYSTEM AND FOR OTHER
11 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, **EXCEPT THAT A CORPORATION THAT IS FORMED BY THE ARIZONA**
3 **FINANCE AUTHORITY SHALL BE GOVERNED PURSUANT TO SECTION 41-5353.** In the case
4 of a corporation formed with the permission of the Arizona board of regents
5 the directors must be qualified electors of this state. **IN THE CASE OF A**
6 **CORPORATION FORMED WITH THE PERMISSION OF THE ARIZONA FINANCE AUTHORITY, THE**
7 **ARIZONA FINANCE AUTHORITY BOARD SHALL SERVE AS THE BOARD OF THE INDUSTRIAL**
8 **DEVELOPMENT AUTHORITY.** The directors shall serve ~~as such~~ without
9 compensation, except that ~~they~~ **THE DIRECTORS** shall be reimbursed for their
10 actual expenses incurred in the performance of their duties in the same
11 manner as is provided for other state officers. ~~No~~ A director shall **NOT** be
12 an officer or employee of the authorizing municipality or county. All
13 directors shall declare any conflict of interest as provided in title 38,
14 chapter 3, article 8. The directors shall be elected by the governing body
15 of the authorizing municipality or county, and they shall be so elected that
16 they shall hold office for overlapping terms. At the time of the election of
17 the first board of directors the governing body of the municipality or the
18 county shall divide the directors into three groups containing as nearly
19 equal whole numbers as possible. The first term of the directors included in
20 the first group shall be two years, the first term of the directors included
21 in the second group shall be four years, the first term of the directors
22 included in the third group shall be six years, and thereafter the terms of
23 all directors shall be six years. The governing body may remove a director
24 at any time, with or without cause.

25 Sec. 12. Section 35-721, Arizona Revised Statutes, is amended to read:
26 **35-721. Bonds of the corporation**

27 A. All principal and interest of bonds issued by the corporation shall
28 be payable solely out of the revenues, proceeds and receipts derived from the
29 corporation's sale of property, loan repayments or lease rentals, or out of
30 the proceeds of bonds issued hereunder, or of any revenues, proceeds and
31 receipts thereof as shall be specified in the proceedings of the board of
32 directors under which the bonds shall be authorized to be issued.

33 B. The proceedings under which such bonds are to be issued shall
34 require the approval of the governing body of each issuance of bonds.

35 C. The bonds prescribed by subsection A **OF THIS SECTION** may:

36 1. Be executed and delivered by the corporation at any time and from
37 time to time.

38 2. Be in such form and denominations and of such tenor and maturities.

39 3. Be in registered or bearer form either as to principal or interest
40 or both.

41 4. Be payable in such installments and at such time or times not
42 exceeding forty years from the date thereof.

43 5. Be payable at such place or places within or without ~~the state of~~
44 ~~Arizona~~ **THIS STATE.**

1 6. Bear interest at such rate or rates, payable at such time or times
2 and at such place or places and evidenced in such manner.

3 7. Be executed by such officers of the corporation and in such manner,
4 and may contain such provisions not inconsistent herewith, all as shall be
5 provided in the proceedings of the board of directors whereunder the bonds
6 are authorized to be issued.

7 D. If deemed advisable by the board of directors, there may be
8 retained in the proceedings under which any bonds of the corporation are
9 authorized to be issued an option to redeem all or any part thereof as may be
10 specified in such proceedings, at such price or prices and after such notice
11 or notices and on such terms and conditions as may be set forth in such
12 proceedings and as may be briefly recited on the face of the bonds, but
13 nothing in this article shall be construed to confer on the corporation any
14 right or option to redeem any bonds except as may be provided in the
15 proceedings under which they shall be issued.

16 E. Any bonds of the corporation may be sold at public or private sale
17 in such manner and from time to time as may be determined by the board of
18 directors of the corporation to be most advantageous, and the corporation may
19 pay all expenses, premiums and commissions which its board of directors may
20 deem necessary or advantageous in connection with the issuance thereof.
21 Issuance by the corporation of one or more series of bonds for one or more
22 purposes shall not preclude it from issuing other bonds in connection with
23 the same project or any other project, but the proceedings whereunder any
24 subsequent bonds may be issued shall recognize and protect any prior pledge
25 or mortgage made for any prior issue of bonds. Any bonds of the corporation
26 at any time outstanding may at any time and from time to time be refunded by
27 the corporation by the issuance of its refunding bonds in such amount as the
28 board of directors may deem necessary but not exceeding an amount sufficient
29 to refund the principal of the bonds so to be refunded, together with any
30 unpaid interest thereon and any premiums and commissions necessary to be paid
31 in connection therewith. Any such refunding may be effected whether the
32 bonds to be refunded shall have then matured or shall thereafter mature,
33 either by sale of the refunding bonds and the application of the proceeds
34 thereof for the payment of the bonds to be refunded thereby, or by the
35 exchange of the refunding bonds for the bonds to be refunded thereby with the
36 consent of the holders of the bonds so to be refunded, and regardless of
37 whether or not the bonds to be refunded were issued in connection with the
38 same projects or separate projects, and regardless of whether or not the
39 bonds proposed to be refunded shall be payable at the same date or different
40 dates or shall be due serially or otherwise. All such bonds and the interest
41 coupons applicable thereto are hereby made and shall be construed to be
42 negotiable instruments.

43 F. **UNLESS THE CORPORATION WAS APPROVED BY THE ARIZONA FINANCE**
44 **AUTHORITY**, the corporation shall notify the attorney general of its intention
45 to issue bonds. Such notification shall adequately describe the project.

1 The attorney general shall inform the corporation within ten days if in ~~his~~
2 THE ATTORNEY GENERAL'S opinion the project sought to be financed does not
3 come within the purview of this chapter. If after ten days the attorney
4 general has not issued an opinion that the project does not so conform, the
5 corporation may issue such bonds. If the attorney general's negative opinion
6 is issued within ten days, such bonds shall not be issued. ~~No~~ Action shall
7 NOT be brought questioning the legality of any contract, lease, mortgage,
8 proceedings or the issuance of bonds hereunder from and after ninety calendar
9 days ~~from~~ AFTER the date the bonds are authorized to be issued by the
10 governing body.

11 Sec. 13. Section 35-722, Arizona Revised Statutes, is amended to read:
12 35-722. Approval by elected official if required by federal law

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

18 Sec. 14. Section 35-726, Arizona Revised Statutes, is amended to read:
19 35-726. Approval of general plan before issuing bonds; fee;
20 definition

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

- 26 1. The amount of the proposed bonds.
- 27 2. The maximum term of the bonds.
- 28 3. The maximum interest rate on the bonds.
- 29 4. The need for the bond issue.
- 30 5. The terms and conditions for originating or purchasing mortgage
31 loans or making loans to lenders.
- 32 6. The area in which the single family dwelling units to be financed
33 may be located.
- 34 7. The proposed fees, charges and expenditures to be paid for
35 originators, servicers, trustees, custodians, mortgage administrators and
36 others.

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

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

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

- 43 1. Whether the amount of the mortgage monies proposed to be made
44 available is reasonably related to the demand for the mortgage monies.

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

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

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

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

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

30 E. Except for a corporation approved by THE ARIZONA FINANCE AUTHORITY
31 OR a governing body of a county or a municipality having a population of more
32 than seven ~~per cent~~ PERCENT of the total state population ~~computed according~~
33 ~~to the most recent United States decennial census~~, a corporation shall not
34 issue bonds, other than refunding bonds the proceeds of which are used
35 exclusively to refund a prior bond issue, to finance a multifamily
36 residential rental project, sanitarium, clinic, medical hotel, rest home,
37 nursing home, skilled nursing facility or life care facility as prescribed in
38 section 20-1801, unless the department approves the project. The department,
39 with or without a hearing, shall review the project and consider at least the
40 following factors:

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

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

44 3. The proposed use of bond proceeds.

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

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

8 F. Subsection E of this section does not apply to bonds issued to
9 finance:

10 1. A sanitarium, clinic, medical hotel, rest home, nursing home,
11 skilled nursing facility, or life care facility as prescribed in section
12 20-1801, if the facility is to be owned and operated by this state or a
13 political subdivision or agency of this state.

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

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

31 H. For the purposes of this section, "department" means the Arizona
32 department of housing.

33 Sec. 15. Section 35-751, Arizona Revised Statutes, is amended to read:

34 35-751. Earnings of the corporation and exemption from
35 restrictions

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

39 B. A project shall be exempt from any requirement of competitive
40 bidding or other restrictions imposed on the procedure for the financing of
41 public improvements or the award of contracts for the construction of public
42 improvements and shall also be exempt from any restrictions imposed on
43 municipalities, counties or political subdivisions relating to the leasing,
44 sale or other disposition of property or funds.

1 C. AT THE END OF EACH FISCAL YEAR, THE ARIZONA INDUSTRIAL DEVELOPMENT
2 AUTHORITY SHALL:

3 1. TRANSFER ALL UNENCUMBERED MONIES IN EXCESS OF THE AUTHORITY'S
4 OPERATING COSTS GENERATED AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS
5 SECTION FROM SINGLE FAMILY MORTGAGE PROGRAMS THAT WERE IN EXISTENCE BEFORE
6 THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION TO THE HOUSING TRUST
7 FUND ESTABLISHED BY SECTION 41-3955.

8 2. AFTER THE TRANSFER IS MADE PURSUANT TO PARAGRAPH 1 OF THIS
9 SUBSECTION, TRANSFER ALL UNENCUMBERED MONIES IN EXCESS OF THE AUTHORITY'S
10 OPERATING COSTS TO THE ECONOMIC DEVELOPMENT FUND ESTABLISHED BY SECTION
11 41-5302.

12 Sec. 16. Section 35-761, Arizona Revised Statutes, is amended to read:
13 35-761. Cooperation with public bodies

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

20 Sec. 17. Section 35-762, Arizona Revised Statutes, is amended to read:
21 35-762. Reviewing entities; approval of developments;
22 coordination; definitions

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

26 B. A reviewing entity, in its discretion, may cooperate in the review
27 of a project financing by adopting in whole or in part substantially similar
28 review work performed on the project financing by another reviewing entity
29 that is also charged with review of the project financing if the review work
30 completed by the other entity meets the standards of the reviewing entity.

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

35 D. For the purposes of this section:

36 1. "Project" means a nursing home, rest home, skilled nursing
37 facility, senior residential facility providing on-site medical and support
38 services or life care facility owned and operated by a nonprofit organization
39 that is exempt from taxation under section 501(c)(3) of the United States
40 internal revenue code that is seeking debt financing pursuant to this
41 chapter, ~~OR a permit pursuant to title 20, chapter 8 or bond financing~~
42 ~~pursuant to title 36, chapter 4.2.~~

43 2. "Reviewing entity" means an industrial development authority formed
44 pursuant to this chapter, a governing body approving the formation of an

1 industrial development authority, ~~the Arizona health facilities authority~~ or
2 the department of insurance.

3 Sec. 18. Section 35-901, Arizona Revised Statutes, is amended
4 effective from and after December 31, 2016, to read:

5 35-901. Definitions

6 In this chapter, unless the context otherwise requires:

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

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

10 ~~3.~~ 3. "Bond" means any obligation that is subject to the provisions
11 of section 146 of the code, excluding obligations that received a
12 carry-forward allocation in a prior year.

13 ~~4.~~ 4. "Business day" means between the hours of 8:00 a.m. and 5:00
14 p.m., mountain standard time, any day of the week other than a Saturday, a
15 Sunday or a legal holiday or a day on which the authority is authorized or
16 obligated by law or executive order to close.

17 ~~5.~~ 5. "Carry-forward project" means any project receiving a
18 carry-forward allocation pursuant to section 35-907.

19 ~~6.~~ 6. "Certificate of closing" means the certificate of closing
20 adopted for use by and to be filed with the authority declaring that bonds
21 were issued or that a qualified mortgage credit certificate program has been
22 established.

23 ~~7. "Chief executive officer" means the chief executive officer of the~~
24 ~~authority.~~

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

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

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

30 ~~10.~~ 10. "Issued" means, with respect to a bond or bonds, either of the
31 following:

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

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

39 ~~11.~~ 11. "Issuer" means an entity or person issuing bonds.

40 ~~12.~~ 12. "Manufacturing project" means a project as described in
41 section 35-701, paragraph 7, subdivision (a), item (vii) or (xiii).

42 ~~13.~~ 13. "Mortgage credit certificate" means a certificate as
43 described in section 25(c)(1) of the code.

44 ~~14.~~ 14. "Nonurban area" means all areas of this state not within the
45 boundaries of the urban cities.

1 ~~14.~~ 15. "Notice of intent" means the notice of intent to be filed
2 with the authority in the form adopted for use by the authority.

3 ~~15.~~ 16. "Project" means a qualified mortgage credit certificate
4 program or any construction, acquisition, planned expenditure or other
5 activity, including all phases of a multiphased project that requests
6 allocations in the same year and including costs of issuance, capitalized
7 interest and discounts, financed with bonds and located in this state or
8 directly benefiting residents of this state. All qualified mortgage credit
9 certificate programs and qualified mortgage revenue bonds, or combinations of
10 such programs and bonds, of a single issuer or group of issuers acting
11 together, constitute a single project for the purposes of this paragraph.

12 ~~16.~~ 17. "Qualified mortgage credit certificate program" means a
13 qualified mortgage credit certificate program as described in section
14 25(c)(2) of the code.

15 ~~17.~~ 18. "Qualified mortgage revenue bonds" means an issue of bonds as
16 described in section 143(a) of the code.

17 ~~18.~~ 19. "Qualified student loan project" means an issue of bonds as
18 described in section 144(b) of the code.

19 ~~19.~~ 20. "Request" means the request for allocation to be filed with
20 the authority in the form adopted for use by the authority.

21 ~~20.~~ 21. "Security deposit" means cash, a bank cashier's check, a
22 surety bond, a letter of credit or any other form of security approved by the
23 ~~chief executive officer~~ DIRECTOR in favor of the authority that is received
24 by the authority from an issuer or user to secure or extend an allocation.

25 ~~21.~~ 22. "State ceiling" means the dollar limit of the aggregate
26 amount of private activity bonds that may be issued in this state pursuant to
27 section 146 of the code for each calendar year, beginning in 1988.

28 ~~22.~~ 23. "Tax reform act of 1986" means P.L. 99-514 enacted by the
29 ninety-ninth Congress, second session in 1986.

30 ~~23.~~ 24. "Urban city" means a city having a population of not less
31 than one hundred thousand persons according to the most recent United States
32 decennial or special census. The area of each urban city is the boundary of
33 the city as of January 1 of the current calendar year.

34 ~~24.~~ 25. "Year" means the calendar year.

35 Sec. 19. Section 35-902, Arizona Revised Statutes, is amended to read:

36 ~~35-902.~~ Allocation

37 A. Subject to ~~the provisions of~~ this chapter, the total amount of the
38 state ceiling is allocated among projects pursuant to this section. The
39 chief executive officer shall issue confirmations on a first come, first
40 served basis, within any particular category of projects as described in
41 subsection C, D, E, F or G of this section.

42 B. ~~Ten per cent~~ THIRTY PERCENT of the state ceiling is allocated to
43 projects that are designated at the sole discretion of the chief executive
44 officer.

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

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

9 E. ~~Twenty per cent~~ FIVE PERCENT of the state ceiling is allocated to
10 qualified student loan projects.

11 F. ~~Fifteen per cent~~ FIVE PERCENT of the state ceiling is allocated to
12 manufacturing projects.

13 G. Ten ~~per cent~~ PERCENT of the state ceiling is allocated to all
14 projects financable through issuance of bonds that require an allocation of
15 state ceiling and that are not described and provided for in subsections C,
16 D, E and F of this section. Such projects include, but are not limited to,
17 qualified mortgage revenue bonds and qualified mortgage credit certificate
18 programs for home improvement and rehabilitation.

19 H. A request shall not be filed and a confirmation shall not be issued
20 to a project unless the project is subject to section 146 of the code. No
21 project is deemed to have been allocated any portion of the state ceiling
22 unless, in connection with the project, ~~the provisions of~~ this chapter ~~have~~
23 HAS been substantially complied with.

24 I. Any request on file with the authority for which a confirmation has
25 not been issued by 5:00 p.m. on ~~June 30~~ MARCH 31, other than a request for an
26 allocation pursuant to subsection B of this section, is deemed to have
27 expired at 5:00 p.m. on ~~June 30~~ MARCH 31. All or any part of any
28 confirmation for which bonds have not been issued or for which a qualified
29 mortgage credit certificate program has not been established by 5:00 p.m. on
30 ~~June 30~~ MARCH 31, evidenced by the filing of a certificate of closing with
31 the authority, or for which confirmations have not been extended pursuant to
32 section 35-910, is deemed to have expired.

33 J. At any given time, an issuer, or an issuer together with one or
34 more other issuers, may not file more than one request for each project,
35 EXCEPT THAT THE AUTHORITY MAY SATISFY AN ALLOCATION REQUEST FROM ONE OR MORE
36 CATEGORIES OF PROJECTS AS DESCRIBED IN SUBSECTION B, C, D, E, F OR G OF THIS
37 SECTION. ~~Nothing in~~ This subsection ~~prohibits~~ DOES NOT PROHIBIT an issuer
38 from refileing a request for a given project if a prior request has expired or
39 filing a request for each separate and distinct project.

40 K. An issuer may not transfer or assign its rights to an allocation of
41 state ceiling from one project to another project or from itself to another
42 issuer.

1 Sec. 20. Section 35-902, Arizona Revised Statutes, as amended by
2 section 19 of this act, is amended effective from and after December 31,
3 2016, to read:

4 35-902. Allocation

5 A. Subject to this chapter, the total amount of the state ceiling is
6 allocated among projects pursuant to this section. The ~~chief-executive~~
7 ~~officer~~ DIRECTOR shall issue confirmations on a first come, first served
8 basis, within any particular category of projects as described in subsection
9 C, D, E, F or G of this section.

10 B. Thirty percent of the state ceiling is allocated to projects that
11 are designated at the sole discretion of the ~~chief-executive-officer~~
12 DIRECTOR.

13 C. Thirty-five percent of the state ceiling is allocated to qualified
14 mortgage revenue bonds and qualified mortgage credit certificate programs,
15 excluding any such bonds and certificate programs for home improvement and
16 rehabilitation.

17 D. Fifteen percent of the state ceiling is allocated to qualified
18 residential rental projects as described in the United States internal
19 revenue code of 1986.

20 E. Five percent of the state ceiling is allocated to qualified student
21 loan projects.

22 F. Five percent of the state ceiling is allocated to manufacturing
23 projects.

24 G. Ten percent of the state ceiling is allocated to all projects
25 financable through issuance of bonds that require an allocation of state
26 ceiling and that are not described and provided for in subsections C, D, E
27 and F of this section. Such projects include, but are not limited to,
28 qualified mortgage revenue bonds and qualified mortgage credit certificate
29 programs for home improvement and rehabilitation.

30 H. A request shall not be filed and a confirmation shall not be issued
31 to a project unless the project is subject to section 146 of the code. No
32 project is deemed to have been allocated any portion of the state ceiling
33 unless, in connection with the project, this chapter has been substantially
34 complied with.

35 I. Any request on file with the authority for which a confirmation has
36 not been issued by 5:00 p.m. on March 31, other than a request for an
37 allocation pursuant to subsection B of this section, is deemed to have
38 expired at 5:00 p.m. on March 31. All or any part of any confirmation for
39 which bonds have not been issued or for which a qualified mortgage credit
40 certificate program has not been established by 5:00 p.m. on March 31,
41 evidenced by the filing of a certificate of closing with the authority, or
42 for which confirmations have not been extended pursuant to section 35-910, is
43 deemed to have expired.

44 J. At any given time, an issuer, or an issuer together with one or
45 more other issuers, may not file more than one request for each project,

1 except that the authority may satisfy an allocation request from one or more
2 categories of projects as described in subsection B, C, D, E, F or G of this
3 section. This subsection does not prohibit an issuer from refileing a request
4 for a given project if a prior request has expired or filing a request for
5 each separate and distinct project.

6 K. An issuer may not transfer or assign its rights to an allocation of
7 state ceiling from one project to another project or from itself to another
8 issuer.

9 Sec. 21. Section 35-903, Arizona Revised Statutes, is amended
10 effective from and after December 31, 2016, to read:

11 35-903. Arizona finance authority designated as state registry;
12 fee

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

- 15 1. Requests.
- 16 2. Recordation of confirmations, whether outstanding or lapsed.
- 17 3. Certificates of closing.
- 18 4. Recordation of all requests for carry-forward amounts for specific
19 projects.
- 20 5. Other records required for the administration of this chapter.

21 B. The authority shall develop and maintain separate lists for urban
22 cities, nonurban areas, statewide uses and the aggregate for all categories
23 that summarize all information received pursuant to subsection A OF THIS
24 SECTION.

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

- 30 1. The dollar amount of confirmations outstanding and not then lapsed.
- 31 2. The dollar amount of the remaining allocation then available.
- 32 3. The amount of confirmations actually closed.
- 33 D. The authority may assess an application fee for processing the
34 requests.

35 Sec. 22. Section 35-904, Arizona Revised Statutes, is amended to read:
36 35-904. Obtaining and issuing confirmations

37 A. Subject to section 35-905, a confirmation allocating a portion of
38 the state ceiling to a project must be obtained before the sale or issuance
39 of bonds or mortgage credit certificates by the issuer. A confirmation may
40 be obtained by filing with the authority a request and evidence of an
41 inducement resolution or other official action taken by the issuer in
42 connection with the project. Requests filed by mail are deemed to be filed
43 with the authority at 5:00 p.m. on the day the request is actually received
44 at the authority. All requests received on the same date and at the same

1 time shall be dated and numbered by lot and confirmations to those requests
2 shall be issued in the order determined by lot.

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

6 C. Except as provided in section 35-902, subsection I, section 35-909
7 and subsection D of this section, a confirmation issued before 5:00 p.m. on
8 ~~June 30~~ MARCH 31 expires and no allocation is deemed to be made unless the
9 applicable bonds have been issued or a qualified mortgage credit certificate
10 program has been established and a certificate of closing has been actually
11 filed, not merely postmarked, with the authority no later than ninety days
12 after the date of the confirmation or the first business day after the
13 ninetieth day if the ninetieth day is not a business day. The confirmation
14 may be extended as provided in section 35-910 beyond ~~such ninety-day~~ THE
15 NINETY-DAY period or 5:00 p.m. on ~~June 30~~ MARCH 31.

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

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

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

1 request if the principal amount of such request is reduced to an amount equal
2 to or less than the then available portion of the state ceiling available for
3 such purpose. The chief executive officer may only issue a single
4 confirmation for each request.

5 G. A confirmation made pursuant to the chief executive officer's
6 discretion may be accompanied by a certificate executed by the chief
7 executive officer. On request, the chief executive officer shall execute a
8 certificate stating that the confirmation was not made in consideration of
9 any bribe, gift, gratuity or direct or indirect contribution to any political
10 campaign. The chief executive officer may require such oaths or affirmations
11 as the chief executive officer considers to be necessary to verify the
12 accuracy of the certificate.

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

22 Sec. 23. Section 35-904, Arizona Revised Statutes, as amended by
23 section 22 of this act, is amended effective from and after December 31,
24 2016, to read:

25 35-904. Obtaining and issuing confirmations

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

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

39 C. Except as provided in section 35-902, subsection I, section 35-909
40 and subsection D of this section, a confirmation issued before 5:00 p.m. on
41 March 31 expires and no allocation is deemed to be made unless the applicable
42 bonds have been issued or a qualified mortgage credit certificate program has
43 been established and a certificate of closing has been actually filed, not
44 merely postmarked, with the authority no later than ninety days after the
45 date of the confirmation or the first business day after the ninetieth day if

1 the ninetieth day is not a business day. The confirmation may be extended as
2 provided in section 35-910 beyond the ninety-day period or 5:00 p.m. on
3 March 31.

4 D. Notwithstanding subsection C of this section, a confirmation issued
5 for a project to be funded in part with an urban development action grant to
6 be made under section 119 of the housing and community development act of
7 1974 (P.L. 93-383; 88 Stat. 633) or a housing development grant to be made
8 under section 301 of the housing and urban-renewal recovery act of 1983 (P.L.
9 98-181, title III, section 301, 97 Stat. 1196 and amended October 17, 1984,
10 P.L. 98-479, title III, section 103, 98 Stat. 2223) expires and no allocation
11 is deemed to be made unless the applicable bonds have been issued and a
12 certificate of closing and evidence satisfactory to the ~~chief executive~~
13 ~~officer~~ DIRECTOR of the commitment to make an urban development action grant
14 or a housing development grant with respect to such project have been
15 actually filed, not merely postmarked, with the authority no later than 5:00
16 p.m. on December 26.

17 E. Subject to this section and section 35-909, the confirmation shall
18 ensure allocation in the manner prescribed by the code for a dollar amount of
19 bonds or a qualified mortgage credit certificate program not in excess of the
20 amount set forth in the confirmation.

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

38 G. A confirmation made pursuant to the ~~chief executive officer's~~
39 ~~DIRECTOR'S~~ discretion may be accompanied by a certificate executed by the
40 ~~chief executive officer~~ DIRECTOR. On request, the ~~chief executive officer~~
41 ~~DIRECTOR~~ shall execute a certificate stating that the confirmation was not
42 made in consideration of any bribe, gift, gratuity or direct or indirect
43 contribution to any political campaign. The ~~chief executive officer~~ DIRECTOR
44 may require such oaths or affirmations as the ~~chief executive officer~~
45 ~~DIRECTOR~~ considers to be necessary to verify the accuracy of the certificate.

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

10 Sec. 24. Section 35-905, Arizona Revised Statutes, is amended to read:

11 35-905. Restrictions on confirmations; definition

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

23 ~~B.~~ A. Before December 17, a confirmation shall not be allocated to a
24 project in an amount greater than thirty-five million dollars, except that
25 this subsection does not apply to any project that is eligible to receive an
26 allocation pursuant to section 35-902, subsection B, C or E. For the
27 purposes of this ~~subsection~~ SECTION, the amount of allocation to a project
28 shall also include any other state ceiling allocation received by any related
29 person to the project.

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

34 Sec. 25. Section 35-906, Arizona Revised Statutes, is amended to read:

35 35-906. Allocations obtained after March 31 through 5:00 p.m.
36 December 16

37 A. Any portions of the state ceiling, including any portions of the
38 state ceiling subject to a confirmation for which bonds have not been issued
39 or for which a qualified mortgage credit certificate program has not been
40 established by 5:00 p.m. on ~~June 30~~ MARCH 31, other than confirmations
41 extended pursuant to section 35-910 and the state ceiling allocated to the
42 discretion of the chief executive officer pursuant to section 35-902,
43 subsection B, shall be pooled and are subject to allocation among requests on
44 a first come, first served basis.

1 B. Obtaining and issuing confirmations on or after ~~July~~ APRIL 1
2 through 5:00 p.m. December 16 shall occur as provided in section 35-904,
3 subject to the following restrictions and changes:

4 1. Requests may be filed on or after ~~July~~ APRIL 1 of each year.

5 2. A confirmation issued on or after ~~July~~ APRIL 1 through 5:00 p.m.
6 December 16 expires and no issuer is deemed to have been allocated any
7 portion of the state ceiling unless the issuer's bonds have been issued or a
8 qualified mortgage credit certificate program has been established and a
9 certificate of closing has been actually filed, and not merely postmarked,
10 with the authority no later than ninety days after the date of the
11 confirmation or the first business day after the ninetieth day if the
12 ninetieth day is not a business day, or before 5:00 p.m. December 16,
13 whichever occurs first. The confirmation may be extended as provided in
14 section 35-910.

15 3. Before the chief executive officer issues the confirmation, the
16 authority must receive a security deposit in the amount of one ~~per cent~~
17 PERCENT of the principal amount stated in the request. The security deposit
18 is forfeited to the authority if the bonds are not issued before the
19 expiration of the confirmation or any extension. The security deposit shall
20 not be required pursuant to this paragraph if the direct beneficiary of the
21 bond proceeds is this state or a county, city, town or nonprofit entity, the
22 issuer is a student loan corporation or the project will include urban
23 development action grant or housing development grant financing, is a
24 qualified mortgage revenue bond or is a qualified mortgage credit certificate
25 program.

26 ~~4. Except as provided in section 35-910, after June 30 of each year,~~
27 ~~the chief executive officer shall not issue confirmations for any request for~~
28 ~~allocations submitted directly or indirectly in connection with a qualified~~
29 ~~mortgage certificate program or qualified mortgage revenue bonds.~~

30 Sec. 26. Section 35-906, Arizona Revised Statutes, as amended by
31 section 25 of this act, is amended effective from and after December 31,
32 2016, to read:

33 35-906. Allocations obtained after March 31 through 5:00 p.m.
34 December 16

35 A. Any portions of the state ceiling, including any portions of the
36 state ceiling subject to a confirmation for which bonds have not been issued
37 or for which a qualified mortgage credit certificate program has not been
38 established by 5:00 p.m. on March 31, other than confirmations extended
39 pursuant to section 35-910 and the state ceiling allocated to the discretion
40 of the ~~chief executive officer~~ DIRECTOR pursuant to section 35-902,
41 subsection B, shall be pooled and are subject to allocation among requests on
42 a first come, first served basis.

43 B. Obtaining and issuing confirmations on or after April 1 through
44 5:00 p.m. December 16 shall occur as provided in section 35-904, subject to
45 the following restrictions and changes:

1 1. Requests may be filed on or after April 1 of each year.

2 2. A confirmation issued on or after April 1 through 5:00 p.m.
3 December 16 expires and no issuer is deemed to have been allocated any
4 portion of the state ceiling unless the issuer's bonds have been issued or a
5 qualified mortgage credit certificate program has been established and a
6 certificate of closing has been actually filed, and not merely postmarked,
7 with the authority no later than ninety days after the date of the
8 confirmation or the first business day after the ninetieth day if the
9 ninetieth day is not a business day, or before 5:00 p.m. December 16,
10 whichever occurs first. The confirmation may be extended as provided in
11 section 35-910.

12 3. Before the ~~chief executive officer~~ **DIRECTOR** issues the
13 confirmation, the authority must receive a security deposit in the amount of
14 one percent of the principal amount stated in the request. The security
15 deposit is forfeited to the authority if the bonds are not issued before the
16 expiration of the confirmation or any extension. The security deposit shall
17 not be required pursuant to this paragraph if the direct beneficiary of the
18 bond proceeds is this state or a county, city, town or nonprofit entity, the
19 issuer is a student loan corporation or the project will include urban
20 development action grant or housing development grant financing, is a
21 qualified mortgage revenue bond or is a qualified mortgage credit certificate
22 program.

23 Sec. 27. Section 35-907, Arizona Revised Statutes, is amended to read:
24 35-907. Allocations after 5:00 p.m. December 16

25 A. Any portions of the state ceiling for which bonds have not been
26 issued by 5:00 p.m. December 16, other than confirmations extended pursuant
27 to section 35-910, shall be pooled and are subject to allocation by the chief
28 executive officer to projects eligible for a carry-forward allocation under
29 the code.

30 B. Obtaining and issuing a confirmation after 5:00 p.m. December 16
31 shall occur as provided in section 35-904, subject to the following
32 restrictions and changes:

33 1. A notice of intent shall be filed on or before December 15 with the
34 authority by any issuer, bond counsel or other interested person, with
35 respect to projects for which allocations may be carried forward pursuant to
36 section 146 of the code. Such notice of intent shall be considered and
37 confirmations shall be issued by the chief executive officer to the issuers
38 on December 17. Any portions of the state ceiling for which bonds have not
39 been issued or for which a qualified mortgage credit certificate program has
40 not been established by 5:00 p.m. December 26 shall be allocated by the chief
41 executive officer and confirmations shall be issued to such issuers before
42 January 1. Issuers shall not file elections with the federal government under
43 section 146 of the code until an allocation has been issued by the authority
44 under this section for the bonds pertaining to a project. The failure to
45 file a notice of intent results in the exclusion of the project from

1 allocations to issuers of any portion of the current calendar year state
2 ceiling.

3 2. A security deposit equal to one ~~per cent~~ PERCENT of the principal
4 amount stated in the notice of intent shall be received by the authority
5 within five days after notification by the chief executive officer that the
6 project is eligible for a carry-forward allocation. No security deposit is
7 required if the direct beneficiary of the bonds proceeds is this state or a
8 county, city, town or nonprofit entity, the issuer is a student loan
9 corporation, the project includes urban development action grant or housing
10 development grant financing, is a project described in section 1317(3)(N) of
11 the tax reform act of 1986 or is a qualified mortgage revenue bond project or
12 is a qualified mortgage credit certificate program or the confirmation is
13 issued by the chief executive officer on or after December 26. The security
14 deposit is forfeited to the authority if bonds are not issued within three
15 years ~~of~~ AFTER the receipt of the deposit. FOR BONDS THAT ARE ISSUED FROM
16 AND AFTER DECEMBER 31, 2015, ANY SECURITY DEPOSIT MADE IN RELATION TO THE
17 PROJECT FOR WHICH THE BONDS ARE ISSUED SHALL BE REFUNDED IF THE BONDS ARE
18 ISSUED WITHIN THREE YEARS AFTER THE RECEIPT OF THE DEPOSIT THAT IS REQUIRED
19 UNDER THIS PARAGRAPH, WHETHER OR NOT CARRY-FORWARD ALLOCATION IS USED.

20 Sec. 28. Section 35-907, Arizona Revised Statutes, as amended by
21 section 27 of this act, is amended effective from and after December 31,
22 2016, to read:

23 35-907. Allocations after 5:00 p.m. December 16

24 A. Any portions of the state ceiling for which bonds have not been
25 issued by 5:00 p.m. December 16, other than confirmations extended pursuant
26 to section 35-910, shall be pooled and are subject to allocation by the ~~chief~~
27 ~~executive officer~~ DIRECTOR to projects eligible for a carry-forward
28 allocation under the code.

29 B. Obtaining and issuing a confirmation after 5:00 p.m. December 16
30 shall occur as provided in section 35-904, subject to the following
31 restrictions and changes:

32 1. A notice of intent shall be filed on or before December 15 with the
33 authority by any issuer, bond counsel or other interested person, with
34 respect to projects for which allocations may be carried forward pursuant to
35 section 146 of the code. Such notice of intent shall be considered and
36 confirmations shall be issued by the ~~chief executive officer~~ DIRECTOR to the
37 issuers on December 17. Any portions of the state ceiling for which bonds
38 have not been issued or for which a qualified mortgage credit certificate
39 program has not been established by 5:00 p.m. December 26 shall be allocated
40 by the ~~chief executive officer~~ DIRECTOR and confirmations shall be issued to
41 such issuers before January 1. Issuers shall not file elections with the
42 federal government under section 146 of the code until an allocation has been
43 issued by the authority under this section for the bonds pertaining to a
44 project. The failure to file a notice of intent results in the exclusion of

1 the project from allocations to issuers of any portion of the current
2 calendar year state ceiling.

3 2. A security deposit equal to one percent of the principal amount
4 stated in the notice of intent shall be received by the authority within five
5 days after notification by the ~~chief executive officer~~ DIRECTOR that the
6 project is eligible for a carry-forward allocation. No security deposit is
7 required if the direct beneficiary of the bonds proceeds is this state or a
8 county, city, town or nonprofit entity, the issuer is a student loan
9 corporation, the project includes urban development action grant or housing
10 development grant financing, is a project described in section 1317(3)(N) of
11 the tax reform act of 1986 or is a qualified mortgage revenue bond project or
12 is a qualified mortgage credit certificate program or the confirmation is
13 issued by the ~~chief executive officer~~ DIRECTOR on or after December 26. The
14 security deposit is forfeited to the authority if bonds are not issued within
15 three years after the receipt of the deposit. For bonds that are issued from
16 and after December 31, 2015, any security deposit made in relation to the
17 project for which the bonds are issued shall be refunded if the bonds are
18 issued within three years after the receipt of the deposit that is required
19 under this paragraph, whether or not carry-forward allocation is used.

20 Sec. 29. Section 35-908, Arizona Revised Statutes, is amended to read:

21 35-908. Principal amount of bonds issued less than
22 confirmation; fee

23 A confirmation is effective as to bonds or mortgage credit certificates
24 issued in lesser amounts than the principal amount set forth in the
25 confirmation, but for bonds issued after 5:00 p.m. ~~August~~ JUNE 1, if the
26 principal amount of bonds issued is less than the principal amount set forth
27 in the confirmation, a fee of one ~~per cent~~ PERCENT of the difference between
28 the confirmation and the principal amount of the bonds shall be paid to the
29 authority on filing the certificate of closing unless the direct beneficiary
30 of the bond proceeds is this state or a county, city, town or nonprofit
31 entity, the issuer is a student loan corporation or the project includes
32 urban development action grant or housing development grant financing, is a
33 project described in section 1317(3)(N) of the tax reform act of 1986, is a
34 qualified mortgage revenue bond or is a qualified mortgage credit certificate
35 program. The failure to make such payment within ten days ~~of~~ AFTER the
36 filing shall result in a retroactive cancellation of the allocation and the
37 barring of the direct private obligor from any future allocations.

38 Sec. 30. Section 35-913, Arizona Revised Statutes, is amended
39 effective from and after December 31, 2016, to read:

40 35-913. Special allocations for mortgage revenue bonds and
41 mortgage credit certificates; definitions

42 A. This section governs allocations of the state ceiling made by the
43 ~~chief executive officer~~ DIRECTOR pursuant to section 35-902, subsection C.

44 B. If the portion of a corporation's allocation computed pursuant to
45 subsection C of this section is less than ten million dollars, the ~~chief~~

1 ~~executive officer~~ DIRECTOR shall first award ten million dollars of the state
2 allocation to that corporation. Thereafter, the ~~chief executive officer~~
3 DIRECTOR shall award the remaining state allocation in the same proportion
4 that the population of each of the remaining corporations' jurisdictions
5 bears to the population of this state according to the census, minus the
6 population of the corporations receiving a ten million dollar allocation
7 pursuant to this subsection.

8 C. Each corporation that is described in section 35-706, subsection E
9 and that submits a request for allocation pursuant to section 35-902,
10 subsection C shall receive a portion of the allocation made by the ~~chief~~
11 ~~executive officer~~ DIRECTOR in the same proportion that the population of that
12 corporation's jurisdiction bears to the population of this state, according
13 to the census but in no event less than ten million dollars.

14 D. At any time before submitting a formal request for allocation, but
15 no later than January 31, a corporation described in section 35-706,
16 subsection E may submit to the director ~~of the Arizona department of housing~~
17 an allocation reservation for an amount not to exceed that portion of the
18 allocation to which the corporation is entitled pursuant to this subsection.
19 The allocation reservation may include an offer to use additional allocation
20 amounts described in subsection E of this section for rural areas. On or
21 before January 31, the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT
22 authority may submit to the director an allocation reservation for the
23 amounts described in subsection E of this section for rural areas. The
24 allocation reservation does not constitute a formal request for allocation
25 and does not obligate the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT
26 authority or a corporation to submit a request for allocation.

27 E. The director ~~of the Arizona department of housing~~ shall require
28 that one or more qualified mortgage revenue bond or qualified mortgage credit
29 certificate programs benefit the residents of rural areas. Between February
30 1 and March 1, an allocation of the unreserved portion of the state ceiling
31 under section 35-902, subsection C shall be made by the director for this
32 purpose. The recipient of this allocation shall be the Arizona ~~housing~~
33 ~~finance~~ INDUSTRIAL DEVELOPMENT authority, or the Arizona ~~housing finance~~
34 INDUSTRIAL DEVELOPMENT authority and one or more corporations, or one or more
35 corporations that have executed a cooperative agreement and that have jointly
36 submitted an allocation reservation pursuant to subsection C of this section.
37 The director shall determine the recipient of the allocation described in
38 this subsection by March 1 from the Arizona ~~housing finance~~ INDUSTRIAL
39 DEVELOPMENT authority or one or more of those corporations that have offered
40 to use the allocation described in this subsection in an allocation
41 reservation submitted before February 1. If neither the Arizona ~~housing~~
42 ~~finance~~ INDUSTRIAL DEVELOPMENT authority nor any corporation offers an
43 allocation reservation to use this allocation before February 1 the director
44 shall select the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority or
45 a corporation for that purpose.

1 F. If the director ~~of the Arizona department of housing~~ selects the
2 Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority, or the Arizona
3 ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority and one or more corporations
4 or one or more corporations to serve rural areas, the Arizona ~~housing finance~~
5 INDUSTRIAL DEVELOPMENT authority, the Arizona ~~housing finance~~ INDUSTRIAL
6 DEVELOPMENT authority and one or more corporations or the corporation or
7 corporations shall receive confirmation of the allocation described in
8 subsection E of this section before March 1. Mortgage credit certificates or
9 the proceeds of qualified mortgage revenue bonds made available through the
10 portion of the state ceiling allocated pursuant to subsection E of this
11 section shall be reserved for at least a ~~one hundred eighty day~~
12 ONE-HUNDRED-EIGHTY-DAY period exclusively for the financing of single family
13 dwelling units in rural areas. The director may extend the ~~one hundred~~
14 ~~eighty day~~ ONE-HUNDRED-EIGHTY-DAY period at the time of allocation or a later
15 time based on market conditions. The director at any time may modify any
16 extension based on market conditions at the time. After the ~~one hundred~~
17 ~~eighty day~~ ONE-HUNDRED-EIGHTY-DAY period or any extension, whichever is
18 later, the director may allocate any reservation that has not been used for
19 use within the jurisdiction of any corporation that is described in section
20 35-706, subsection E and that gives its consent.

21 G. The validity of a confirmation for qualified mortgage revenue bonds
22 or a qualified mortgage credit certificate program to benefit residents of
23 part of the state shall not be affected by reason of qualified mortgage
24 revenue bonds or a qualified mortgage credit certificate program receiving a
25 confirmation to benefit residents of another part of the state not being
26 issued.

27 H. Except as provided in subsections F and G of this section, a
28 corporation shall not exercise the powers granted under section 35-706,
29 subsection A, paragraphs 11, 12 and 13 outside of its own jurisdiction.

30 I. At the time a confirmation is issued the director ~~of the Arizona~~
31 ~~department of housing~~ shall determine in writing the allocation amounts in
32 the manner described in this section. In determining the recipient or
33 recipients for the allocation described in subsection E of this section, the
34 director may consider the effectiveness of alternative program structures in
35 rural areas. No action may be brought questioning the accuracy of any
36 determination made by the director pursuant to this section without a finding
37 of the director's bad faith or wilful misconduct.

38 J. Confirmations of the state ceiling under section 35-902, subsection
39 C may be applied toward a qualified mortgage revenue bond program or
40 qualified mortgage credit certificate program in any combination deemed
41 appropriate by the issuing corporation with the approval of its governing
42 body or by the board of the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT
43 authority for a program for rural areas established by the Arizona ~~housing~~
44 ~~finance~~ INDUSTRIAL DEVELOPMENT authority.

1 K. Denial of approval of the use of qualified mortgage revenue bond
2 proceeds or qualified mortgage credit certificates in a city or town pursuant
3 to section 35-706 or subsection L of this section does not affect the
4 validity of the allocation or affect the amount of state allocation that is
5 allocated for that purpose.

6 L. The Arizona ~~housing-finance~~ INDUSTRIAL DEVELOPMENT authority may
7 not permit proceeds of bonds or a qualified mortgage credit certificate
8 program in rural areas to be used to finance projects that are owner-occupied
9 single family dwelling units within the corporate limits of an incorporated
10 city or town, the unincorporated area of a county or a reservation for an
11 Indian tribe, unless the governing body of the city, town, county or tribe
12 has approved the general location and character of the residences to be
13 financed. Before the issuance of bonds or mortgage credit certificates for
14 that purpose, the authority shall give written notice to the governing body
15 of each city, town, county or tribal reservation in which it intends to
16 permit proceeds of an issue of bonds or mortgage credit certificates to be
17 used to finance projects that are owner-occupied single family dwelling units
18 and of the general location and character of the residences that may be
19 financed. The governing body of the city, town, county or tribe is deemed to
20 have given its approval unless it denies approval by formal action of the
21 governing body within twenty-one days after receiving the written notice from
22 the authority. Approvals given or deemed to have been given with respect to
23 use of proceeds of an issue of bonds or mortgage credit certificates under
24 this subsection may not be withdrawn. Denials may be withdrawn by the
25 governing body of a city, town, county or tribe and approval may be given
26 after a denial is withdrawn if the authority approves the withdrawal of the
27 denial.

28 M. For the purposes of this section:

29 1. "Census" means the most recent United States decennial census or
30 the special census conducted in accordance with section 42-5033 if it is more
31 recent than the most recent United States decennial census.

32 ~~2. "Director" means the director of the Arizona department of housing.~~

33 ~~3.~~ 2. "Population" of a corporation's jurisdiction means population
34 according to the census. The population of a corporation formed on behalf of
35 a county equals the population of the county minus the population of any
36 other corporation that is within the county, that is described in section
37 35-706, subsection E and that submits a request for allocation pursuant to
38 section 35-902, subsection C.

39 ~~4.~~ 3. "Rural areas" means all of the area of this state that is not
40 located within the jurisdiction of a corporation described in section 35-706,
41 subsection E.

42 Sec. 31. Delayed repeal

43 Title 36, chapter 4.2, Arizona Revised Statutes, is repealed from and
44 after December 31, 2016.

1 Sec. 32. Section 37-1015, Arizona Revised Statutes, is amended to
2 read:

3 37-1015. Environmental special plate fund; distribution

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

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

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

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

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

23 Sec. 33. Section 41-1052, Arizona Revised Statutes, is amended to
24 read:

25 41-1052. Council review and approval

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

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

41 C. Within one hundred twenty days ~~of~~ AFTER receipt of the rule,
42 preamble and economic, small business and consumer impact statement, the
43 council shall review and approve or return, in whole or in part, the rule,
44 preamble or economic, small business and consumer impact statement. An
45 agency may resubmit a rule, preamble or economic, small business and consumer

1 impact statement if the council returns the rule, economic, small business
2 and consumer impact statement or preamble, in whole or in part, to the
3 agency.

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

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

7 2. The economic, small business and consumer impact statement is
8 generally accurate.

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

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

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

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

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

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

25 9. The rule is not more stringent than a corresponding federal law
26 unless there is statutory authority to exceed the requirements of that
27 federal law.

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

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

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

38 G. If the rule relies on scientific principles or methods, including a
39 study disclosed pursuant to subsection D, paragraph 8 of this section, and a
40 person submits an analysis to the council questioning whether the rule is
41 based on valid scientific or reliable principles or methods, the council
42 shall not approve the rule unless the council determines that the rule is
43 based on valid scientific or reliable principles or methods that are specific
44 and not of a general nature. In making a determination of reliability or

1 validity, the council shall consider the following factors as applicable to
2 the rule:

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

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

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

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

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

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

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

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

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

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

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

36 Sec. 34. Section 41-1502, Arizona Revised Statutes, is amended to
37 read:

38 41-1502. Arizona commerce authority; board of directors;
39 conduct of office; audit

40 A. The Arizona commerce authority is established. The mission of the
41 authority is to provide private sector leadership in growing and diversifying
42 the economy of this state, creating high quality employment in this state
43 through expansion, attraction and retention of businesses and marketing this
44 state for the purpose of expansion, attraction and retention of businesses.

- 1 B. The authority shall be governed by a board of directors consisting
2 of:
- 3 1. The governor, who serves as chairperson.
 - 4 2. The chief executive officer.
 - 5 3. Seventeen private sector business leaders who are chief executive
6 officers of private, for-profit enterprises. None of these members may be an
7 elected official of any government entity. These members must be appointed
8 from geographically diverse areas of this state and not all from the same
9 county. These members shall serve staggered three-year terms of office
10 beginning and ending on the third Monday in January. These members shall be
11 appointed as follows:
 - 12 (a) Nine members who are appointed by the governor.
 - 13 (b) Four members who are appointed by the president of the senate.
 - 14 (c) Four members who are appointed by the speaker of the house of
15 representatives.
 - 16 4. The following as ex officio members without the power to vote:
 - 17 (a) The president of the senate.
 - 18 (b) The speaker of the house of representatives.
 - 19 (c) The president of the Arizona board of regents.
 - 20 (d) The president of each state university under the jurisdiction of
21 the Arizona board of regents.
 - 22 (e) One president of a community college who is appointed by a
23 statewide organization of community college presidents.
 - 24 (f) The chairperson of the governor's council on small business, or
25 its successor.
 - 26 (g) The chairperson of the ~~governor's council on workforce policy~~
27 WORKFORCE ARIZONA COUNCIL, if established by executive order pursuant to
28 section ~~41-1542~~ 41-5401.
 - 29 (h) One member of the rural business development advisory council
30 established by section 41-1505 who is appointed by the governor.
 - 31 (i) The president of a statewide organization of incorporated cities
32 and towns who is appointed by the governor.
 - 33 (j) The president of a statewide organization of county boards of
34 supervisors who is appointed by the governor.
 - 35 C. The following shall serve as technical advisors to the board to
36 enhance collaboration among state agencies to meet infrastructure needs and
37 facilitate growth opportunities throughout this state:
 - 38 1. The director of environmental quality.
 - 39 2. The state land commissioner.
 - 40 3. The director of the department of revenue.
 - 41 4. The director of the office of tourism.
 - 42 5. The director of the department of transportation.
 - 43 6. The director of water resources.
 - 44 7. The director of the department of financial institutions.

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

3 **9. THE DIRECTOR OF THE OFFICE OF ECONOMIC OPPORTUNITY.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 Sec. 35. Section 41-1504, Arizona Revised Statutes, is amended to
11 read:

12 41-1504. Powers and duties; e-verify requirement

13 A. The board of directors, on behalf of the authority, may:

14 1. Adopt and use a corporate seal.

15 2. Sue and be sued.

16 3. Enter into contracts as necessary to carry out the purposes and
17 requirements of this chapter, including intergovernmental agreements pursuant
18 to title 11, chapter 7, article 3 and interagency service agreements as
19 provided by section 35-148.

20 4. Lease real property and improvements to real property for the
21 purposes of the authority. Leases by the authority are exempt from chapter
22 4, article 7 of this title, relating to management of state properties.

23 5. Employ or retain legal counsel and other consultants as necessary
24 to carry out the purposes of the authority.

25 6. Develop and use written policies, procedures and guidelines for the
26 terms and conditions of employing officers and employees of the authority and
27 may include background checks of appropriate personnel.

28 B. The board of directors, on behalf of the authority, shall:

29 1. Develop comprehensive long-range strategic economic plans for this
30 state and submit the plans to the governor.

31 2. Annually update a strategic economic plan for submission to the
32 governor.

33 3. Accept gifts, grants and loans and enter into contracts and other
34 transactions with any federal or state agency, municipality, private
35 organization or other source.

36 C. The authority shall:

37 1. Assess and collect fees for processing applications and
38 administering incentives. The board shall adopt the manner of computing the
39 amount of each fee to be assessed. Within thirty days after proposing fees
40 for adoption, the chief executive officer shall submit a schedule of the fees
41 for review by the joint legislative budget committee. It is the intent of
42 the legislature that a fee shall not exceed one ~~per-cent~~ PERCENT of the
43 amount of the incentive.

44 2. Determine and collect registry fees for the administration of the
45 allocation of federal tax exempt industrial development bonds and student

1 loan bonds authorized by the authority. Such monies collected by the
2 authority shall be deposited, pursuant to sections 35-146 and 35-147, in an
3 authority bond fund. Monies in the fund shall be used, subject to annual
4 appropriation by the legislature, by the authority to administer the
5 allocations provided in this paragraph and are exempt from the provisions of
6 section 35-190 relating to the lapsing of appropriations.

7 3. Determine and collect security deposits for the allocation, for the
8 extension of allocations and for the difference between allocations and
9 principal amounts of federal tax exempt industrial development bonds and
10 student loan bonds authorized by the authority. Security deposits forfeited
11 to the authority shall be deposited in the state general fund.

12 4. At the direction of the board, establish and supervise the
13 operations of full-time or part-time offices in other states and foreign
14 countries for the purpose of expanding direct investment and export trade
15 opportunities for businesses and industries in this state if, based on
16 objective research, the authority determines that the effort would be
17 beneficial to the economy of this state.

18 5. Establish a program by which entrepreneurs become aware of permits,
19 licenses or other authorizations needed to establish, expand or operate in
20 this state.

21 6. Be the state registration agency for apprenticeship functions
22 prescribed by the federal government.

23 7. NOTWITHSTANDING ANY OTHER LAW, ON REQUEST OF THE OFFICE OF ECONOMIC
24 OPPORTUNITY, DISCLOSE TO THE OFFICE OF ECONOMIC OPPORTUNITY APPLICANT
25 INFORMATION FOR INCENTIVES ADMINISTERED, IN WHOLE OR IN PART, BY THE
26 AUTHORITY. ANY CONFIDENTIALITY REQUIREMENTS PROVIDED BY LAW APPLICABLE TO
27 THE INFORMATION DISCLOSED PURSUANT TO THIS PARAGRAPH APPLY TO THE OFFICE OF
28 ECONOMIC OPPORTUNITY.

29 D. The authority, through the chief executive officer, may:

30 1. Contract and incur obligations reasonably necessary or desirable
31 within the general scope of the authority's activities and operations to
32 enable the authority to adequately perform its duties.

33 2. Use monies, facilities or services to provide matching
34 contributions under federal or other programs that further the objectives and
35 programs of the authority.

36 3. Accept gifts, grants, matching monies or direct payments from
37 public or private agencies or private persons and enterprises for the conduct
38 of programs that are consistent with the general purposes and objectives of
39 this chapter.

40 4. Assess business fees for promotional services provided to
41 businesses that export products and services from this state. The fees shall
42 not exceed the actual costs of the services provided.

43 5. Establish and maintain one or more accounts in banks or other
44 depositories, for public or private monies of the authority, from which
45 operational activities, including payroll, vendor and grant payments, may be

1 conducted. Individual funds that are established by law under the
2 jurisdiction of the authority may be maintained in separate accounts in banks
3 or other depositories, but shall not be commingled with any other monies or
4 funds of the authority.

5 E. The chief executive officer shall:

6 1. Hire employees and prescribe the terms and conditions of their
7 employment as necessary to carry out the purposes of the authority. The
8 board of directors shall adopt written policies, procedures and guidelines,
9 similar to those adopted by the department of administration, regarding
10 officer and employee compensation, observed holidays, leave and reimbursement
11 of travel expenses and health and accident insurance. The officers and
12 employees of the authority are exempt from any laws regulating state
13 employment, including:

14 (a) Chapter 4, articles 5 and 6 of this title, relating to state
15 service.

16 (b) Title 38, chapter 4, article 1 and chapter 5, article 2, relating
17 to state personnel compensation, leave and retirement.

18 (c) Title 38, chapter 4, article 2, relating to reimbursement of state
19 employee expenses.

20 (d) Title 38, chapter 4, article 4, relating to health and accident
21 insurance.

22 2. On a quarterly basis, provide public record data in a manner
23 prescribed by the department of administration related to the authority's
24 revenues and expenditures for inclusion in the comprehensive database of
25 receipts and expenditures of state monies pursuant to section 41-725.

26 F. In addition to any other requirement, in order to qualify for any
27 grant, loan, reimbursement, tax incentive or other economic development
28 incentive pursuant to this chapter, an applicant that is an employer must
29 register with and participate in the e-verify program in compliance with
30 section 23-214. The authority shall require verification of compliance with
31 this subsection as part of any application process.

32 G. Notwithstanding any other law, the authority is subject to chapter
33 3.1, article 1 of this title, relating to risk management.

34 H. The authority is exempt from chapter 32, articles 1 and 2 of this
35 title, relating to statewide information technology. The authority shall
36 adopt policies, procedures and guidelines regarding information technology.

37 I. The authority is exempt from state general accounting and finance
38 practices and rules adopted pursuant to chapter 4, article 3 of this title,
39 but the board shall adopt written accounting practices, systems and
40 procedures for the economic and efficient operation of the authority.

41 J. The authority is exempt from section 41-712, relating to the
42 installation and maintenance of ~~telecommunications~~ TELECOMMUNICATION systems.

43 K. The authority may lease or purchase motor vehicles for use by
44 employees to conduct business activities. The authority is exempt from

1 section 41-803, relating to the state motor vehicle fleet, and title 38,
2 chapter 3, article 10, relating to vehicle usage and markings.

3 L. Any tangible or intangible record submitted to or compiled by the
4 board or the authority in connection with its work, including the award of
5 monies, is subject to title 39, chapter 1, unless an applicant shows, or the
6 board or authority determines, that specific information meets either of the
7 following:

8 1. If made public, the information would divulge the applicant's or
9 potential applicant's trade secrets, as defined in section 44-401.

10 2. If made public, the information could potentially harm the
11 applicant's, THE potential applicant's or this state's competitive position
12 relating to potential business development opportunities and strategies.

13 M. The authority is exempt from chapter 25, article 1 of this title,
14 relating to government competition with private enterprise.

15 Sec. 36. Section 41-1512, Arizona Revised Statutes, is amended to
16 read:

17 41-1512. Qualified facility income tax credits; qualification;
18 definitions

19 A. For taxable years beginning from and after December 31, 2012,
20 income tax credits are allowed for expanding or locating a qualified facility
21 in this state pursuant to sections 43-1083.03 and 43-1164.04. Only capital
22 investments in a qualified facility that are made on or after July 1, 2012
23 are included in the computation of the credit.

24 B. To be eligible for the income tax credits, a taxpayer must apply to
25 the authority, on a form prescribed by the authority, for preapproval of the
26 business as qualifying for the credits. The application must include:

27 1. The applicant's name, address, telephone number and federal
28 taxpayer identification number or numbers.

29 2. The name, address, telephone number and e-mail address of a contact
30 person for the applicant.

31 3. The address of the site where the qualified facility will be
32 located.

33 4. A detailed description of the qualified facility and fixed capital
34 assets.

35 5. An estimate of the capital investment and number of employment
36 positions at the qualified facility, including:

37 (a) A schedule of qualifying investments.

38 (b) A list of full-time employment positions, the estimated number of
39 employees to be hired for the positions each year during the first five years
40 of operation and the annual wages for each position, calculated without
41 employee-related benefits.

42 6. A nonrefundable processing fee in an amount determined by the
43 authority.

1 7. Other information as required by the authority to determine
2 eligibility for the income tax credits and the amount of income tax credits,
3 as prescribed by this section.

4 8. An affirmation, signed by an authorized executive representing the
5 business, that the applicant:

6 (a) Agrees to furnish records of expenditures for qualifying
7 investments to the authority on request.

8 (b) Will continue in business at the qualified facility for five full
9 calendar years after postapproval for the credit, other than for reasons
10 beyond the control of the applicant.

11 (c) Agrees to furnish to the authority information regarding the
12 amount of income tax credits claimed each year.

13 (d) Authorizes the department of revenue to provide tax information to
14 the authority pursuant to section 42-2003 for the purpose of determining any
15 inconsistency in information furnished by the applicant.

16 (e) Agrees to allow site visits and audits to verify the applicant's
17 continuing qualification and the accuracy of information submitted to the
18 authority.

19 (f) Consents to the adjustment or recapture of any amount of income
20 tax credit due to noncompliance with this section.

21 9. Letters of good standing from the department of revenue stating
22 that the applicant is not delinquent in the payment of taxes.

23 C. The applicant may qualify for the income tax credits pursuant to
24 section 43-1083.03 or 43-1164.04, as applicable, if:

25 1. The applicant makes new capital investment in this state after June
26 30, 2012 in a qualified facility that is completed in a taxable year
27 beginning from and after December 31, 2012.

28 2. At least fifty-one ~~per-cent~~ PERCENT of the net new full-time
29 employment positions at the qualified facility pay a wage that equals or
30 exceeds one hundred twenty-five ~~per-cent~~ PERCENT, OR ONE HUNDRED PERCENT IN
31 THE CASE OF A QUALIFIED FACILITY IN A RURAL LOCATION, of the median annual
32 wage FOR PRODUCTION OCCUPATIONS in this state, as determined by the most
33 recent annual Arizona commerce authority occupational wage and employment
34 estimates issued before the preapproval is issued pursuant to subsection I of
35 this section.

36 3. All net new full-time employment positions include health insurance
37 coverage for the employees for which the applicant pays at least ~~eighty-per~~
38 ~~cent~~ SIXTY-FIVE PERCENT of the premium or membership cost.

39 D. Final eligibility for an income tax credit is subject to any
40 additional requirements prescribed by section 43-1083.03 or 43-1164.04, as
41 applicable.

42 E. An applicant may separately apply and qualify with respect to
43 investments for separate expansions of a qualified facility.

44 F. The amount of the income tax credit to be preapproved by the
45 authority to a qualifying applicant is ten ~~per-cent~~ PERCENT of the lesser of:

- 1 1. The amount the applicant has projected in total qualifying
2 investment in the qualified facility.
- 3 2. Two hundred thousand dollars for each net new full-time employment
4 position projected by the applicant at a qualified facility.
- 5 G. Beginning with income tax credits allocated for 2013, an approved
6 credit:
- 7 1. Must be claimed on a timely filed original income tax return,
8 including extensions.
- 9 2. Must be claimed in five equal installments as provided by section
10 43-1083.03 or 43-1164.04.
- 11 H. The authority shall establish a process for qualifying and
12 preapproving applicants for the income tax credits. The authority shall not
13 preapprove applicants as qualifying for credits under this section for any
14 taxable year beginning from and after December 31, ~~2019~~ 2022. Preapproval is
15 based on:
- 16 1. Priority placement established by the date that the applicant files
17 its initial application with the authority.
- 18 2. The availability of income tax credit capacity under the dollar
19 limit prescribed by section 41-1511, subsection J.
- 20 I. Within thirty days after receiving a complete and correct
21 application, the authority shall review the application to determine whether
22 the applicant satisfies all of the criteria prescribed by this section and
23 either preapprove the project as qualifying for the purposes of an income tax
24 credit or provide reasons for its denial. The authority shall send copies of
25 each preapproval to the department of revenue.
- 26 J. The authority shall not preapprove income tax credits under this
27 section and section 41-1511 that combined would exceed the limits prescribed
28 by section 41-1511, subsection J. A preapproved amount applies against the
29 dollar limit for the year in which the application was submitted regardless
30 of whether the initial preapproval period extends into the following year or
31 years. A business shall not be preapproved for credits under both this
32 section and section 41-1511 for the same capital investment. The authority
33 shall not preapprove income tax credits under this section for any taxpayer
34 in excess of thirty million dollars in any calendar year.
- 35 K. The authority shall reallocate the amount of income tax credits
36 that are voluntarily relinquished under subsection L of this section, that
37 lapse under subsection M of this section or that lapse under subsection P of
38 this section. The reallocation shall be to other businesses that applied
39 under this section or section 41-1511 in the original credit year based on
40 priority placement. Once reallocated, the amount of the credit applies
41 against the dollar limit of the original credit year regardless of the year
42 in which the reallocation occurs.
- 43 L. A taxpayer may voluntarily relinquish unused credit amounts in
44 writing to the authority.

1 M. Preapproval under this section lapses, the application is void and
2 the amount of the preapproved income tax credits does not apply against the
3 dollar limit prescribed by section 41-1511, subsection J if, within twelve
4 months after preapproval, the business fails to provide to the authority
5 documentation of its expenditure of two hundred fifty thousand dollars in
6 qualifying investment or, if the period over which the qualifying investment
7 will be made exceeds twelve months, documentation of additional expenditures
8 as required in this subsection for each twelve-month period.

9 N. After October 31 of each year, if the authority has preapproved the
10 maximum calendar year income tax credit amount pursuant to section 41-1511,
11 subsection J, the authority may accept initial applications for the next
12 calendar year, but the preapproval of any application pursuant to this
13 subsection shall not be effective before the first business day of the
14 following calendar year.

15 O. Before an applicant applies for postapproval under subsection P of
16 this section, the applicant must enter into a written managed review
17 agreement with the chief executive officer of the authority that establishes
18 the requirements of a managed review to be conducted under this subsection at
19 the applicant's expense. The managed review must be conducted by a certified
20 public accountant who is selected by the applicant, who is licensed in this
21 state and who is approved by the chief executive officer. The certified
22 public accountant and the firm the certified public accountant is affiliated
23 with shall not regularly perform services for the applicant or its
24 affiliates. The managed review shall include an analysis of the applicant's
25 invoices, checks, accounting records and other documents and information to
26 verify its base investment and other requirements prescribed by section
27 43-1083.03 or 43-1164.04 to confirm the amount of credit. The certified
28 public accountant shall furnish written findings of the managed review to the
29 chief executive officer. The chief executive officer shall review the
30 findings and may examine records and perform other reviews that the chief
31 executive officer considers necessary to verify that the managed review
32 substantially conforms to the terms of the managed review agreement. The
33 chief executive officer shall accept or reject the findings of the managed
34 review. If the chief executive officer rejects all or part of the managed
35 review, the chief executive officer shall provide written reasons for the
36 rejection.

37 P. When the qualified facility begins operations, a business that was
38 preapproved for income tax credits under this section shall apply to the
39 authority in writing for postapproval of the credits and submit documentation
40 certifying the total amount and dates of the qualifying investments and
41 identifying the fixed capital assets associated with the qualified facility
42 incurred after June 30, 2012 through the date of application for
43 postapproval. For taxable years beginning from and after December 31, 2012,
44 the authority shall provide postapproval to a business that has met the
45 eligibility requirements of this section and shall notify the department of

1 revenue that the business may claim an income tax credit pursuant to section
2 43-1083.03 or 43-1164.04. If the amount of qualifying investment actually
3 spent is less than the amount preapproved for income tax credits, the
4 preapproved amount not incurred lapses and does not apply against the dollar
5 limit prescribed by section 41-1511, subsection J for that year. The
6 department of revenue shall not allow an income tax credit under section
7 43-1083.03 or 43-1164.04 that exceeds the amount of the postapproval for the
8 project under this subsection. For the purposes of this subsection, "begins
9 operations" means the qualified facility opens for public business.

10 Q. The authority may rescind an applicant's postapproval if the
11 business no longer meets the terms and conditions required for qualifying for
12 the credit. The authority may give special consideration, or allow temporary
13 exemption from recapture of the credit, in the case of extraordinary hardship
14 due to factors beyond the control of the qualifying business.

15 R. If the authority rescinds an applicant's preapproval or
16 postapproval under subsection Q of this section, it shall notify the
17 department of revenue of the action and the conditions of noncompliance. If
18 the department of revenue obtains information indicating a possible failure
19 to qualify and comply, it shall provide that information to the authority.
20 The department of revenue may require the business to file appropriate
21 amended tax returns reflecting any recapture of the credit under section
22 43-1083.03 or 43-1164.04.

23 S. Preapproval and postapproval of an applicant for the purposes of
24 income tax credits under this section do not constitute or imply compliance
25 with any other provision of law or any regulatory rule, order, procedure,
26 permit or other measure required by law. To maintain qualification for a
27 credit under this section, a business must separately comply with all
28 environmental, employment and other regulatory measures.

29 T. For five years after postapproval of an income tax credit under
30 this section, in any action involving the liquidation of the business assets
31 or relocation out of state, this state claims the position of a secured
32 creditor of the business in the amount of the credit the business received
33 pursuant to section 43-1083.03 or 43-1164.04. The transfer of part or all of
34 a company's assets that are then leased back by the company is not considered
35 a liquidation under this section.

36 U. Any information gathered from a business for the purposes of this
37 section is considered to be confidential taxpayer information and shall be
38 disclosed only as provided in section 42-2003, subsection B, paragraph 12,
39 except that the authority shall publish the following information in its
40 annual report:

41 1. The name of each business and the amount of income tax credits
42 preapproved for each qualifying investment.

43 2. The amount of income tax credits postapproved with respect to each
44 qualifying investment.

- 1 V. The authority shall:
- 2 1. Keep annual records of the information provided on applications for
- 3 qualified facilities. These records shall reflect a percentage comparison of
- 4 the annual amount of monies credited to qualified facilities to the estimated
- 5 amount of monies spent in this state in the form of qualifying investments.
- 6 2. Maintain annual data on growth in this state of qualified
- 7 facilities and related employment and wages.
- 8 3. Not later than April 30 following each calendar year, prepare and
- 9 publish a report summarizing the information collected pursuant to this
- 10 subsection. The authority shall make copies of the annual report available
- 11 to the public on request.
- 12 W. The authority shall adopt rules and prescribe forms and procedures
- 13 as necessary for the purposes of this section. The authority and the
- 14 department of revenue shall collaborate in adopting rules as necessary to
- 15 avoid duplication and inconsistencies while accomplishing the intent and
- 16 purposes of this section.
- 17 X. For the purposes of this section:
- 18 1. "Capital investment" means an expenditure to acquire, lease or
- 19 improve property that is used in operating a business, including land,
- 20 buildings, machinery, equipment and fixtures.
- 21 2. "Facility" means a single parcel or contiguous parcels of owned or
- 22 leased land in this state, the structures and personal property contained on
- 23 the land or any part of the structures occupied by the owner. Parcels that
- 24 are separated only by a public thoroughfare or right-of-way are considered to
- 25 be contiguous.
- 26 3. "Headquarters" means a principal central administrative office
- 27 where primary headquarters related functions and services are performed,
- 28 including financial, personnel, administrative, legal, planning and similar
- 29 business functions.
- 30 4. "Manufacturing" means fabricating, producing or manufacturing raw
- 31 or prepared materials into usable products, imparting new forms, qualities,
- 32 properties and combinations. Manufacturing does not include generating
- 33 electricity.
- 34 5. "Qualified facility" means a facility in this state that devotes at
- 35 least eighty ~~per cent~~ PERCENT of the property and payroll at the facility to
- 36 one or more of the following:
- 37 (a) Qualified manufacturing.
- 38 (b) Qualified headquarters.
- 39 (c) Qualified research.
- 40 6. "Qualified headquarters" means a global, national or regional
- 41 headquarters for a taxpayer that is involved in manufacturing and that
- 42 derives at least sixty-five ~~per cent~~ PERCENT of its revenue from out-of-state
- 43 sales.

1 7. "Qualified manufacturing" means manufacturing tangible products in
2 this state if at least sixty-five ~~per cent~~ PERCENT of the product will be
3 sold out-of-state.

4 8. "Qualified research" has the same meaning prescribed by section
5 41(d) of the internal revenue code, as defined by section 43-105, except that
6 the research must be conducted by a taxpayer involved in manufacturing that
7 derives at least sixty-five ~~per cent~~ PERCENT of its revenue from out-of-state
8 sales.

9 9. "Qualifying investment" means investment in land, buildings,
10 machinery, equipment and fixtures for expansion of an existing qualified
11 facility or establishment of a new qualified facility in this state after
12 June 30, 2012 for a facility completed in a taxable year beginning from and
13 after December 31, 2012. IF THE QUALIFIED FACILITY IS A BUILD-TO-SUIT
14 FACILITY LEASED TO THE TAXPAYER, QUALIFYING INVESTMENT INCLUDES THE COSTS
15 PRESCRIBED IN THIS PARAGRAPH THAT ARE SPENT BY THE THIRD-PARTY DEVELOPER WITH
16 RESPECT TO THE QUALIFIED FACILITY. Qualifying investment does not include
17 relocating an existing qualified facility in this state to another location
18 in this state without additional capital investment of at least two hundred
19 fifty thousand dollars.

20 10. "RURAL LOCATION" MEANS A LOCATION THAT IS WITHIN THE BOUNDARIES OF
21 TRIBAL LANDS OR A CITY OR TOWN WITH A POPULATION OF LESS THAN FIFTY THOUSAND
22 PERSONS OR A COUNTY WITH A POPULATION OF LESS THAN EIGHT HUNDRED THOUSAND
23 PERSONS.

24 Sec. 37. Section 41-1543, Arizona Revised Statutes, is amended to
25 read:

26 41-1543. Application criteria

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

30 1. The training cost per employee.

31 2. The ability to leverage other job training resources.

32 3. The quality of jobs resulting from the training proposal, including
33 a requirement that a business receiving monies pursuant to this article pay
34 compensation at least equal to the qualifying wage rate per county that is
35 prescribed for the year in which the award is considered.

36 4. The use of the local labor force, dislocated workers, the
37 chronically unemployed and other special populations, including persons with
38 disabilities and veterans.

39 5. The location or expansion of the business in rural or economically
40 depressed areas.

41 6. The diversity provided to the economy and the promotion of existing
42 and expanding businesses and businesses undergoing economic conversion.

43 7. The number of jobs resulting from the training proposal.

1 8. The ability to expand cluster industries. For purposes of this
2 paragraph, "cluster industries" means concentrations of firms across several
3 industries that share common economic foundation needs.

4 9. The extent to which the benefit package including health insurance
5 reflects the needs of the employees.

6 Sec. 38. Section 41-1544, Arizona Revised Statutes, is amended to
7 read:

8 41-1544. Arizona job training fund; definitions

9 A. The Arizona job training fund is established consisting of
10 legislative appropriations, gifts, grants and other monies. The authority
11 shall administer the fund. On notice from the chief executive officer, the
12 state treasurer shall invest and divest monies in the fund as provided by
13 section 35-313, and monies earned from investment shall be credited to the
14 fund.

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

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

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

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

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

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

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

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

42 1. Fringe benefits, food and beverages, recruitment and signing
43 bonuses for trainees and trainers.

44 2. Employer costs to complete a program application.

- 1 3. Except for small businesses, training expenses for partners or
2 corporate officers.
- 3 4. Employee relocation expenses.
- 4 5. Training or course development costs that are not part of the
5 employer's approved training plan.
- 6 6. Costs for assessing the training needs of employees.
- 7 7. Drug or other testing costs for employee screening or prescreening
8 purposes.
- 9 8. Costs for trade shows and conferences or seminars that do not
10 result in a skill certificate that is earned by an employee.
- 11 9. Other costs prohibited by rule.
- 12 J. For the purposes of this section:
- 13 1. "Rural area" means either:
- 14 (a) A county with a population of less than seven hundred fifty
15 thousand persons ~~according to the most recent United States decennial census.~~
- 16 (b) A census county division with less than fifty thousand persons in
17 a county with a population of seven hundred fifty thousand or more persons
18 ~~according to the most recent United States decennial census.~~
- 19 2. "Small business" means a concern, including its affiliates, that
20 employs fewer than one hundred employees.
- 21 Sec. 39. Section 41-1545.02, Arizona Revised Statutes, is amended to
22 read:
- 23 41-1545.02. Grants from the Arizona competes fund
- 24 A. The chief executive officer may negotiate the award of monies from
25 the Arizona competes fund. The monies shall be paid, by grant, for the
26 purposes of:
- 27 1. Attracting, expanding or retaining Arizona basic enterprises that
28 meet the requirements prescribed by subsection B **OF THIS SECTION**, that
29 achieve the performance and qualification targets developed under subsection
30 C **OF THIS SECTION** and that enter into an agreement with the chief executive
31 officer as provided by subsection C **OF THIS SECTION**. In awarding monies
32 pursuant to this paragraph, the chief executive officer shall give preference
33 to job training and infrastructure activities that create private sector
34 jobs.
- 35 2. Supporting and advancing programs and projects for rural
36 businesses, small businesses and business development that enhance economic
37 development.
- 38 B. To be eligible to receive a deal closing grant under subsection A,
39 paragraph 1 **OF THIS SECTION**, an applicant must:
- 40 1. Be in good standing under the laws of the state in which the
41 applicant was formed or organized, as evidenced by a certificate issued by
42 the secretary of state or other state official having custody of the records
43 pertaining to entities or other organizations formed under the laws of that
44 state.
- 45 2. Owe no delinquent taxes to a taxing jurisdiction in this state.

- 1 3. Qualify as an Arizona basic industry.
- 2 4. Pay compensation that exceeds, on average, one hundred ~~per cent~~
- 3 ~~PERCENT~~ of the median wage by county as determined annually by the authority.
- 4 5. Include health insurance for employees for which the applicant pays
- 5 at least sixty-five ~~per cent~~ ~~PERCENT~~ of the premium or membership cost.
- 6 6. Demonstrate by analysis by an independent third party that
- 7 estimated income, property and transaction privilege tax and government fee
- 8 revenues in this state will exceed state incentives.
- 9 C. Before awarding a grant from the fund under this section, the chief
- 10 executive officer must enter into a written agreement with the applicant
- 11 specifying that:
 - 12 1. A reasonable percentage of the total amount of the grant may be
 - 13 withheld until the recipient meets specified performance targets.
 - 14 2. If the chief executive officer finds that the grant recipient has
 - 15 not met each of the performance targets specified in the agreement as of a
 - 16 date stated in the agreement:
 - 17 (a) The recipient must repay the grant and any related interest to
 - 18 this state at an agreed rate and on agreed terms. The repayment may be
 - 19 prorated to reflect partial attainment of performance targets.
 - 20 (b) The chief executive officer shall not disburse any remaining grant
 - 21 money to the recipient under the agreement.
 - 22 (c) The chief executive officer may assess specified penalties against
 - 23 the recipient for noncompliance.
 - 24 3. If any part of the grant is used to build a capital improvement,
 - 25 this state may:
 - 26 (a) Retain a lien or other security interest in the improvement in
 - 27 proportion to the percentage of the grant amount used to pay for the
 - 28 improvement.
 - 29 (b) Require the recipient, if the improvement is sold, to:
 - 30 (i) Repay to this state the grant monies used to pay for the
 - 31 improvement, with interest at a rate and according to terms stated in the
 - 32 agreement.
 - 33 (ii) Share with this state a proportionate amount of any profit
 - 34 realized from the sale.
 - 35 D. The chief executive officer must determine:
 - 36 1. The performance targets and dates required to be included in each
 - 37 grant agreement.
 - 38 2. If the grant agreement includes withholding a percentage of the
 - 39 grant until the recipient meets the performance targets, the percentage of
 - 40 the grant money to be withheld.
 - 41 E. Before awarding a grant from the fund under this section, the
 - 42 authority must prepare a written statement, signed by the chief executive
 - 43 officer, that, specifically and in detail, assesses the direct economic
 - 44 impact of the grant. The statement must:

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

3 2. Set forth the evidence and reasons supporting this finding,
4 including:

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

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

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

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

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

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

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

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

23 F. BEGINNING FROM AND AFTER JUNE 30, 2017, ON THE LAST DAY OF EACH
24 FISCAL YEAR, THIRTY PERCENT OF THE MONIES APPROPRIATED TO THE FUND IN THE
25 FISCAL YEAR, MINUS THE AMOUNT OF GRANTS AWARDED IN THE FISCAL YEAR FOR THE
26 PURPOSES PRESCRIBED IN SUBSECTION A, PARAGRAPH 2 OF THIS SECTION, NOT TO
27 EXCEED THE UNENCUMBERED MONIES IN THE FUND ON THE LAST DAY OF THE FISCAL
28 YEAR, ARE RESERVED FOR GRANTS FOR THE PURPOSES PRESCRIBED IN SUBSECTION A,
29 PARAGRAPH 2 OF THIS SECTION.

30 G. IN ADDITION TO THE MONIES RESERVED PURSUANT TO SUBSECTION F OF THIS
31 SECTION, AT LEAST TWENTY-FIVE PERCENT OF THE MONIES APPROPRIATED TO THE FUND
32 EACH YEAR SHALL BE RESERVED TO SUPPORT AND ADVANCE ACTIVITIES AND PROJECTS
33 FOR BUSINESSES LOCATED IN A COUNTY WITH A POPULATION OF LESS THAN TWO MILLION
34 PERSONS OR ON TRIBAL LANDS, OR BOTH. MONIES NOT AWARDED PURSUANT TO THIS
35 SUBSECTION WITHIN NINE MONTHS AFTER THE BEGINNING OF THE FISCAL YEAR MAY BE
36 AWARDED TO ACTIVITIES AND PROJECTS FOR BUSINESSES THAT ARE LOCATED IN ANY
37 COUNTY. IN AWARDING MONIES RESERVED PURSUANT TO THIS SUBSECTION, THE CHIEF
38 EXECUTIVE OFFICER SHALL GIVE PRIORITY TO A COUNTY THAT IS LOCATED ALONG THE
39 ARIZONA-MEXICO BORDER OR A COUNTY IN WHICH A MILITARY FACILITY IS LOCATED OR
40 TO PROJECTS LOCATED ON TRIBAL LANDS.

41 Sec. 40. Section 41-1545.05, Arizona Revised Statutes, is amended to
42 read:

43 41-1545.05. Program termination

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

1 Sec. 41. Section 41-1959, Arizona Revised Statutes, is amended to
2 read:

3 41-1959. Confidential information; permissible disclosure;
4 rules; violation; classification

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

16 B. Employees of the department of economic security, the department of
17 law and the court may obtain the information described in subsection A of
18 this section in the performance of their duties as authorized by rules
19 adopted by the director.

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

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

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

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

34 4. If the disclosure of otherwise confidential information is
35 necessary to protect against a clear and substantial risk of imminent serious
36 injury to a client.

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

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

43 7. In any judicial or administrative proceeding involving an adult
44 protective services client if the director of the department considers the
45 information pertinent to the proceeding.

1 8. TO THE ENTITIES AS SPECIFIED IN SECTION 23-722.04, SUBSECTIONS A
2 AND E FOR THE DEVELOPMENT OF A STATE WORKFORCE EVALUATION DATA SYSTEM AND
3 PROGRAM PERFORMANCE PURPOSES AND OTHER PROGRAM AND RESEARCH PURPOSES AS
4 DEFINED IN A DATA SHARING AGREEMENT BUT NOT INCLUDING INFORMATION REGARDING
5 ADULT OR CHILD PROTECTION ACTIONS.

6 D. Notwithstanding section 46-135, a standing committee of the
7 legislature or a committee appointed by the president of the senate or the
8 speaker of the house of representatives may obtain the information described
9 in subsection A of this section on written notification to the director.
10 Information obtained pursuant to this subsection may be used only for
11 purposes of conducting investigations related to legislative oversight of the
12 department. Information that is personally identifiable shall not be further
13 disclosed.

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

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

17 Sec. 42. Section 41-2251, Arizona Revised Statutes, is amended to
18 read:

19 41-2251. Definitions

20 In this article, unless the context otherwise requires:

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

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

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

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

30 5. "Indian tribe" means any Indian tribe, band, group or community
31 that is recognized by the United States secretary of the interior and that
32 exercises governmental authority within the limits of any Indian reservation
33 under the jurisdiction of the United States government, notwithstanding the
34 issuance of any patent and including rights-of-way running through the
35 reservation.

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

41 7. "Loan" means bonds, leases, loans or other evidences of
42 indebtedness.

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

1 9. "Pledged revenues" means any monies to be received by a political
2 subdivision, special district or Indian tribe, including property taxes,
3 other local taxes, fees, assessments or charges pledged by a political
4 subdivision, special district or Indian tribe as a source for repayment of a
5 loan repayment agreement.

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

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

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

12 (a) Municipal improvement district.

13 (b) Fire district.

14 (c) County improvement district.

15 (d) Special road district.

16 (e) Sanitary district.

17 (f) Drainage or flood protection district.

18 (g) County flood control district.

19 (h) County jail district.

20 (i) Regional public transportation authority.

21 (j) Regional transportation authority.

22 13. "Technical assistance" means assistance provided pursuant to
23 section 41-2256.

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

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

29 Sec. 43. Section 41-2252, Arizona Revised Statutes, is amended to
30 read:

31 41-2252. Greater Arizona development authority

32 ~~A.~~ The greater Arizona development authority is established IN THE
33 ARIZONA FINANCE AUTHORITY. The authority shall be governed by THE BOARD OF
34 DIRECTORS OF THE ARIZONA FINANCE AUTHORITY. ~~a board of directors consisting~~
35 ~~of the following members:~~

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

38 ~~2. The director of the department of environmental quality or the~~
39 ~~director's designee.~~

40 ~~3. The director of the department of transportation or the director's~~
41 ~~designee.~~

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

43 ~~5. Five members, one of whom is a representative of a tribal nation of~~
44 ~~Arizona, appointed by the governor pursuant to section 38-211. All appointed~~

1 ~~members shall reside in different counties, and no more than three members~~
2 ~~may be members of the same political party.~~

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

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

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

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

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

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

21 ~~H. Members of the board shall not participate in any direct~~
22 ~~discussions or actions related to any project financed under this article in~~
23 ~~which the member has any direct or indirect personal financial interest. For~~
24 ~~purposes of this subsection, a member of the board who is an employee or~~
25 ~~official of a participant in or applicant for a loan shall not be considered~~
26 ~~to have a direct or indirect personal financial interest in a project by~~
27 ~~virtue of the member's services alone. A violation of this subsection is a~~
28 ~~class 1 misdemeanor.~~

29 Sec. 44. Section 41-2254, Arizona Revised Statutes, is amended to
30 read:

31 41-2254. Greater Arizona development authority revolving fund

32 A. The greater Arizona development authority revolving fund is
33 established consisting of:

34 1. Monies appropriated by the legislature.

35 2. Monies received from the United States government to carry out
36 this article.

37 3. Monies received from political subdivisions, Indian tribes,
38 tribal subdivisions and special districts as loan repayments, technical
39 assistance repayments, interest, administrative fees and penalties.

40 4. Interest and other income received from investing monies in the
41 fund.

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

44 6. Any other monies received by the authority.

1 B. The board shall administer the fund in compliance with the
2 requirements of this article. The board shall separately account for
3 monies received from each source listed in subsection A of this section.
4 Monies received pursuant to subsection A, paragraph 1 of this section
5 shall not be used for any purpose except securing bonds issued by the
6 authority and providing assistance under technical assistance repayment
7 agreements if the amount used for providing this assistance is not more
8 than eight hundred thousand dollars. This subsection does not limit the
9 power of the authority to pledge other monies in the fund to secure bonds
10 issued by the authority or to provide assistance under technical
11 assistance repayment agreements.

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

14 D. Monies in the fund may be used for securing bonds of the
15 authority.

16 E. Monies in the fund received pursuant to subsection A, paragraphs
17 2, 3, 4, 5 and 6 of this section may be used for:

18 1. Providing technical assistance to political subdivisions,
19 special districts, Indian tribes and tribal subdivisions.

20 2. Providing financial assistance to political subdivisions,
21 special districts and Indian tribes.

22 3. Paying ~~the~~ compensation and ~~employment—related~~
23 EMPLOYMENT-RELATED expenses ~~associated with the employees hired pursuant~~
24 ~~to section 41-2252, subsection E.~~

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

27 5. Paying the costs of professional assistance hired by the
28 authority pursuant to section 41-2253, subsection B, paragraph 6.

29 F. On notice from the board, the state treasurer shall invest and
30 divest monies in the fund as provided by section 35-313, and monies earned
31 from investment shall be credited to the fund.

32 G. If the monies pledged to secure the bonds become insufficient to
33 pay the principal and interest on the bonds, the board may direct the
34 state treasurer to divest monies in the fund as may be necessary and may
35 apply those proceeds to make current all payments then due on the bonds.
36 The state treasurer shall immediately notify the attorney general and
37 auditor general of the insufficiency. The auditor general shall audit the
38 circumstances surrounding the depletion of the fund and shall report these
39 findings to the attorney general. The attorney general shall conduct an
40 investigation and report these findings to the governor and the
41 legislature.

42 Sec. 45. Repeal

43 Sections 41-3016.16 and 41-3019.03, Arizona Revised Statutes, are
44 repealed.

1 Sec. 46. Title 41, chapter 27, article 2, Arizona Revised Statutes, is
2 amended by adding section 41-3023.15, to read:

3 41-3023.15. Office of economic opportunity; termination July 1,
4 2023

5 A. THE OFFICE OF ECONOMIC OPPORTUNITY TERMINATES ON JULY 1, 2023.

6 B. TITLE 41, CHAPTER 53 IS REPEALED ON JANUARY 1, 2024, IF THE OFFICE:

7 1. HAS NO OUTSTANDING CONTRACTUAL OBLIGATIONS WITH THE UNITED STATES
8 OR ANY UNITED STATES AGENCY.

9 2. HAS NO DEBTS, OBLIGATIONS OR GUARANTEES THAT WERE ISSUED.

10 3. HAS OTHERWISE PROVIDED FOR PAYING OR RETIRING SUCH DEBTS OR
11 OBLIGATIONS.

12 C. IF ANY DEBT OR OBLIGATION LISTED IN SUBSECTION B OF THIS SECTION
13 EXISTS AND NO SATISFACTORY PROVISION HAS BEEN MADE TO PAY OR RETIRE THE DEBT
14 OR OBLIGATION, THE OFFICE AND STATUTES CONTINUE IN EXISTENCE UNTIL THE DEBT
15 OR OBLIGATION IS FULLY SATISFIED.

16 Sec. 47. Delayed repeal

17 Title 41, chapter 37, article 1, Arizona Revised Statutes, is repealed
18 from and after December 31, 2016.

19 Sec. 48. Section 41-3953, Arizona Revised Statutes, is amended
20 effective from and after December 31, 2016, to read:

21 41-3953. Department powers and duties

22 A. The department is responsible for establishing policies, procedures
23 and programs that the department is authorized to conduct to address the
24 affordable housing issues confronting this state, including housing issues of
25 low income families, moderate income families, housing affordability, special
26 needs populations and decaying housing stock. Among other things, the
27 department shall provide to qualified housing participants and political
28 subdivisions of this state financial, advisory, consultative, planning,
29 training and educational assistance for the development of safe, decent and
30 affordable housing, including housing for low and moderate income households.

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

32 1. Establish guidelines applicable to the programs and activities of
33 the department for the construction and financing of affordable housing and
34 housing for low and moderate income households in this state. These
35 guidelines shall meet or exceed all applicable state or local building and
36 health and safety code requirements and, if applicable, the national
37 manufactured home construction and safety standards act of 1974 and title VI
38 of the housing and community development act of 1974 (P.L. 93-383, as amended
39 by P.L. 95-128, 96-153 and 96-339). Guidelines established pursuant to this
40 paragraph do not apply to the department's activities prescribed in section
41 35-726, subsection E.

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

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

- 1 4. Perform the duties prescribed in sections 35-726, ~~AND 35-728 and~~
2 ~~35-913~~.
- 3 5. Stimulate and encourage all local, state, regional and federal
4 governmental agencies and all private persons and enterprises that have
5 similar and related objectives and purposes, cooperate with the agencies,
6 persons and enterprises and correlate department plans, programs and
7 operations with those of the agencies, persons and enterprises.
- 8 6. Conduct research on its own initiative or at the request of the
9 governor, the legislature or state or local agencies pertaining to any
10 department objectives.
- 11 7. Provide information and advice on request of any local, state or
12 federal agencies, private persons and business enterprises on matters within
13 the scope of department activities.
- 14 8. Consult with and make recommendations to the governor and the
15 legislature on all matters concerning department objectives.
- 16 9. Make annual reports to the governor and the legislature on its
17 activities, including the geographic location of its activities, its finances
18 and the scope of its operations.
- 19 C. Under the direction of the director, the department may:
- 20 1. Assist in securing construction and mortgage financing from public
21 and private sector sources.
- 22 2. Assist mortgage financing programs established by industrial
23 development authorities and political subdivisions of this state.
- 24 3. Assist in the acquisition and use of federal housing assistance
25 programs pertinent to enhance the economic feasibility of a proposed
26 residential development.
- 27 4. Assist in the compliance of a proposed residential development with
28 applicable federal, state and local codes and ordinances.
- 29 5. Prepare and publish planning and development guidelines for the
30 establishment and delivery of housing assistance programs.
- 31 6. Contract with a federal agency to carry out financial work on the
32 federal agency's behalf and accept payment for the work.
- 33 7. Subcontract for the financial work prescribed in paragraph 6 of
34 this subsection and make payments for that subcontracted work based on the
35 expectation that the federal agency will pay for that work.
- 36 8. Accept payment from a federal agency for work prescribed in
37 paragraph 6 of this subsection and deposit those payments in the Arizona
38 department of housing program fund established by section 41-3957.
- 39 9. Contract for the services of outside advisers, consultants and
40 aides reasonably necessary or desirable to enable the department to
41 adequately perform its duties.
- 42 10. Contract for and incur obligations reasonably necessary or
43 desirable within the general scope of department activities and operations to
44 enable the department to adequately perform its duties.

1 11. Use any media of communication, publication and exhibition in the
2 dissemination of information, advertising and publicity in any field of its
3 purposes, objectives or duties.

4 12. Adopt rules deemed necessary or desirable to govern its procedures
5 and business.

6 13. Contract with other agencies in furtherance of any department
7 program.

8 14. Use monies, facilities or services to provide contributions under
9 federal or other programs that further the objectives and programs of the
10 department.

11 15. Accept gifts, grants, matching monies or direct payments from
12 public or private agencies or private persons and enterprises for the conduct
13 of programs that are consistent with the general purposes and objectives of
14 this article and deposit these monies in the Arizona department of housing
15 program fund established by section 41-3957.

16 16. Establish and collect fees and receive reimbursement of costs in
17 connection with any programs or duties performed by the department and
18 deposit the fees and cost reimbursements in the Arizona department of housing
19 program fund established by section 41-3957.

20 ~~17. Provide staff support to the Arizona housing finance authority and~~
21 ~~coordinate its activities.~~

22 D. For the purposes of this section, the department is exempt from
23 chapter 23 of this title.

24 E. The department is the designated state public housing agency as
25 defined in the United States housing act of 1937 (42 United States Code
26 sections 1401 through 1440) for the purpose of accepting federal housing
27 assistance monies and may participate in the housing assistance payments
28 program. Federal monies may be secured for all areas of this state subject
29 only to the limitations prescribed in subsection F of this section.

30 F. For areas of this state where an existing public housing authority
31 has not been established pursuant to section 36-1404, subsection A, the
32 department acting as a public housing agency may undertake all activities
33 under the section 8 tenant-based rental housing assistance payment program,
34 except that the department shall not undertake a section 8 tenant-based
35 rental housing assistance payment program within the boundaries of a city,
36 town or county unless authorized by resolution of the governing body of the
37 city, town or county. If the department accepts monies for a section 8
38 tenant-based rental housing assistance payment program for areas of this
39 state where an existing public housing authority has been established
40 pursuant to section 36-1404, subsection A, the department shall only accept
41 and secure federal monies to provide housing for the seriously mentally ill
42 or other populations with disabilities. The department may accept and secure
43 federal monies for undertaking all contract administrator activities
44 authorized under a section 8 project-based rental housing assistance payment

1 program in all areas of this state and this participation does not require
2 the authorization of any local governing body.

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

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

14 I. For any construction project financed by the department pursuant to
15 subsection C of this section, except for contract administration activities
16 in connection with the project-based section 8 program, the department shall
17 notify a city, town, county or tribal government that a project is planned
18 for its jurisdiction and, before proceeding, shall seek comment from the
19 governing body of the city, town, county or tribal government or an official
20 authorized by the governing body of the city, town, county or tribal
21 government. The department shall not interfere with or attempt to override
22 the local jurisdiction's planning, zoning or land use regulations.

23 Sec. 49. Section 41-3955, Arizona Revised Statutes, is amended to
24 read:

25 41-3955. Housing trust fund; purpose

26 A. The housing trust fund is established, and the director shall
27 administer the fund. The fund consists of monies from unclaimed property
28 deposited in the fund pursuant to section 44-313, **MONIES TRANSFERRED PURSUANT**
29 **TO SECTION 35-751** and investment earnings.

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

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

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

43 E. The director shall report annually to the legislature on the status
44 of the housing trust fund. The report shall include a summary of facilities
45 for which funding was provided during the preceding fiscal year and shall

1 show the cost and geographic location of each facility and the number of
2 individuals benefiting from the operation, construction or renovation of the
3 facility. The report shall be submitted to the president of the senate and
4 the speaker of the house of representatives no later than September 1 of each
5 year.

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

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

12 H. For any construction project financed by the department pursuant to
13 this section, the department shall notify a city, town, county or tribal
14 government that a project is planned for its jurisdiction and, before
15 proceeding, shall seek comment from the governing body of the city, town,
16 county or tribal government or an official authorized by the governing body
17 of the city, town, county or tribal government. The department shall not
18 interfere with or attempt to override the local jurisdiction's planning,
19 zoning or land use regulations.

20 Sec. 50. Section 41-3957, Arizona Revised Statutes, is amended to
21 read:

22 41-3957. Arizona department of housing program fund; purpose

23 A. The Arizona department of housing program fund is established, and
24 the department shall administer the fund. The fund consists of monies
25 deposited pursuant to sections 35-726, 35-728 and 41-3953, other monies
26 directed to be deposited in the fund and investment earnings on monies in the
27 fund. On notice from the department, the state treasurer shall invest and
28 divest monies in the fund as provided by section 35-313, and monies earned
29 from investment shall be credited to the fund. All monies in the fund are
30 designated as special state funds for all purposes of section 35-142.

31 B. Monies in the fund are continuously appropriated. The department
32 shall use monies in the fund ~~to~~

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

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

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

41 Sec. 51. Repeal

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

1 DEVELOPMENT AND ANALYSIS OF PROPOSED RULES AND REGULATIONS AND THE PROJECTED
2 COST ON EMPLOYERS RELATING TO THOSE RULES AND REGULATIONS.

3 5. PROVIDE ANALYTICAL SUPPORT TO THE ARIZONA COMMERCE AUTHORITY IN ITS
4 BUSINESS RECRUITMENT, GROWTH AND RETENTION STRATEGIES.

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

8 B. THE DIRECTOR MAY:

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

12 2. USE MONIES, FACILITIES OR SERVICES TO PROVIDE MATCHING
13 CONTRIBUTIONS UNDER FEDERAL OR OTHER PROGRAMS THAT FURTHER THE OBJECTIVES AND
14 PROGRAMS OF THE OFFICE.

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

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

21 ARTICLE 2. ARIZONA FINANCE AUTHORITY

22 41-5351. Definitions

23 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

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

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

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

30 5. "COSTS":

31 (a) MEANS ALL COSTS INCURRED IN THE ISSUANCE OF BONDS, INCLUDING
32 INSURANCE POLICY, CREDIT ENHANCEMENT, LEGAL, ACCOUNTING, CONSULTING,
33 PRINTING, ADVERTISING AND TRAVEL EXPENSES, PLUS ANY AUTHORITY ADMINISTRATIVE
34 FEES.

35 (b) MAY INCLUDE INTEREST ON BONDS ISSUED BY THE AUTHORITY FOR A
36 REASONABLE TIME BEFORE AND DURING THE TIME THE PROCEEDS ARE USED.

37 6. "DIRECTOR" MEANS THE DIRECTOR OF THE AUTHORITY.

38 7. "FEDERAL AGENCY" MEANS THE UNITED STATES OR ANY AGENCY OR AGENCIES
39 OF THE UNITED STATES.

40 41-5352. Arizona finance authority; fund

41 A. THE ARIZONA FINANCE AUTHORITY IS ESTABLISHED IN THE OFFICE OF
42 ECONOMIC OPPORTUNITY.

43 B. THE GOVERNOR SHALL APPOINT THE DIRECTOR OF THE AUTHORITY TO SERVE
44 AT THE PLEASURE OF THE GOVERNOR.

1 C. THE ARIZONA FINANCE AUTHORITY OPERATIONS FUND IS ESTABLISHED
2 CONSISTING OF MONIES DEPOSITED PURSUANT TO SECTION 41-5355. THE AUTHORITY
3 SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED.

4 D. AT THE END OF THE FISCAL YEAR, THE AUTHORITY SHALL TRANSFER ALL
5 UNENCUMBERED MONIES IN THE FUND IN EXCESS OF THE AUTHORITY'S OPERATING COSTS
6 TO THE ECONOMIC DEVELOPMENT FUND ESTABLISHED BY SECTION 41-5302.

7 41-5353. Board; members; terms; meetings; compensation;
8 prohibition

9 A. THE AUTHORITY SHALL BE GOVERNED BY A BOARD OF DIRECTORS, CONSISTING
10 OF FIVE MEMBERS TO BE APPOINTED BY THE GOVERNOR, GIVING DUE CONSIDERATION TO
11 A DIVERSE GEOGRAPHICAL REPRESENTATION ON THE BOARD, AND TO SERVE AT THE
12 PLEASURE OF THE GOVERNOR.

13 B. EACH MEMBER SHALL SERVE FOR A TERM OF THREE YEARS. VACANCIES
14 OCCURRING OTHER THAN BY EXPIRATION OF TERM SHALL BE FILLED IN THE SAME MANNER
15 FOR THE REMAINDER OF THE UNEXPIRED TERM.

16 C. THE BOARD SHALL ANNUALLY ELECT FROM AMONG ITS MEMBERS A
17 CHAIRPERSON, A SECRETARY AND A TREASURER.

18 D. THE BOARD RULES SHALL PROVIDE FOR REGULAR ANNUAL MEETINGS OF THE
19 BOARD. THE CHAIRPERSON MAY CALL A SPECIAL MEETING AT ANY TIME. THE BOARD
20 RULES SHALL PROVIDE FOR A METHOD OF GIVING NOTICE OF A SPECIAL MEETING.

21 E. THE BOARD MAY MEET BY AUDIOCONFERENCE OR VIDEOCONFERENCE. THE
22 REQUIREMENTS OF TITLE 38, CHAPTER 3, ARTICLE 3.1 APPLY TO AN AUDIOCONFERENCE
23 OR VIDEOCONFERENCE, EXCEPT THAT ALL VOTES OF MEMBERS MUST BE BY ROLL CALL,
24 AND THE BOARD MAY NOT MEET IN EXECUTIVE SESSION BY AUDIOCONFERENCE OR
25 VIDEOCONFERENCE.

26 F. MEMBERS OF THE BOARD ARE NOT ELIGIBLE TO RECEIVE COMPENSATION BUT
27 ARE ELIGIBLE TO RECEIVE REIMBURSEMENT FOR NECESSARY EXPENSES PURSUANT TO
28 TITLE 38, CHAPTER 4, ARTICLE 2 WHILE ENGAGED IN THE PERFORMANCE OF THE
29 MEMBERS' DUTIES.

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

32 41-5354. Powers of board

33 THE BOARD MAY:

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

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

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

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

45 5. PAY COMPENSATION AND EMPLOYEE-RELATED EXPENSES.

- 1 6. FIX THE COMPENSATION OF THE DIRECTOR.
2 7. SUE AND BE SUED.
3 8. ACQUIRE AND MAINTAIN OFFICE SPACE, EQUIPMENT, SUPPLIES, SERVICES
4 AND INSURANCE NECESSARY TO ADMINISTER THIS ARTICLE.
5 9. CONTRACT WITH, ACT AS GUARANTOR FOR OR COINSURE WITH ANY FEDERAL,
6 STATE OR LOCAL GOVERNMENTAL AGENCY AND OTHER ORGANIZATIONS OR CORPORATIONS IN
7 CONNECTION WITH ITS ACTIVITIES UNDER THIS ARTICLE AND RECEIVE MONIES RELATING
8 TO THOSE CONTRACTS AND SERVICES.
9 10. ADOPT BYLAWS AND ADMINISTRATIVE RULES CONSISTENT WITH THIS
10 ARTICLE.
11 11. PROTECT AND ENFORCE THE INTERESTS OF THE AUTHORITY IN ANY PROJECT
12 FINANCED THROUGH THE AUTHORITY'S RESOURCES.
13 12. ENTER INTO AND INSPECT ANY FACILITY FINANCED THROUGH THE
14 AUTHORITY'S RESOURCES TO INVESTIGATE ITS PHYSICAL CONDITION, CONSTRUCTION,
15 REHABILITATION, OPERATION, MANAGEMENT AND MAINTENANCE AND TO EXAMINE ALL OF
16 THE RECORDS RELATING TO ITS CAPITALIZATION, INCOME AND OTHER RELATED MATTERS.
17 13. ACQUIRE TITLE TO REAL PROPERTY OR OTHER ASSETS BY GIFT, GRANT OR
18 OPERATION OF LAW, OR BY PURCHASE.
19 14. ESTABLISH ADVISORY BOARDS THAT HAVE ALL RIGHTS AND POWERS GRANTED
20 BY THE BOARD, INCLUDING THE RIGHT TO REVIEW, EVALUATE AND RECOMMEND TO THE
21 BOARD FOR APPROVAL PROPOSED FINANCINGS.
22 41-5355. Assets; cost of operation and administration; taxation
23 A. ANY MONIES, PLEDGES OR PROPERTY ISSUED OR GIVEN TO THE ARIZONA
24 FINANCE AUTHORITY, WHETHER BY APPROPRIATION, LOAN, GIFT OR OTHERWISE,
25 CONSTITUTE THE ASSETS OF THE ARIZONA FINANCE AUTHORITY.
26 B. THIS STATE IS NOT RESPONSIBLE FOR ANY OBLIGATION INCURRED BY THE
27 AUTHORITY.
28 C. ALL COSTS AND EXPENSES OF THE AUTHORITY SHALL BE PAID FROM BOND
29 PROCEEDS OF BONDS ISSUED BY ANY INDUSTRIAL DEVELOPMENT AUTHORITY ESTABLISHED
30 BY THE ARIZONA FINANCE AUTHORITY OR OTHER MONIES OF THE AUTHORITY, AND TO THE
31 EXTENT NOT PROHIBITED BY STATE OR FEDERAL LAW OR BY CONTRACT, THE MONIES OF
32 THE GREATER ARIZONA DEVELOPMENT AUTHORITY AND THE WATER INFRASTRUCTURE
33 FINANCE AUTHORITY OF ARIZONA THAT ARE AVAILABLE TO PAY THE ARIZONA FINANCE
34 AUTHORITY'S COSTS AND EXPENSES.
35 D. THE AUTHORITY AND ITS INCOME ARE EXEMPT FROM TAXATION IN THIS
36 STATE.
37 41-5356. Duties of board; advisory board; board termination
38 A. THE BOARD SHALL:
39 1. ESTABLISH AN INDUSTRIAL DEVELOPMENT AUTHORITY UNDER TITLE 35,
40 CHAPTER 5 AND, NOTWITHSTANDING THE REQUIREMENTS OF SECTION 35-705, SERVE AS
41 THE BOARD OF THE INDUSTRIAL DEVELOPMENT AUTHORITY.
42 2. SERVE AS THE BOARD OF THE GREATER ARIZONA DEVELOPMENT AUTHORITY AND
43 HAVE ALL POWERS AND AUTHORITY TO TAKE ACTION ON BEHALF OF THE GREATER ARIZONA
44 DEVELOPMENT AUTHORITY PURSUANT TO CHAPTER 18 OF THIS TITLE.

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

4 4. APPROVE THE AUTHORITY'S BUDGET.

5 5. ESTABLISH A WATER AND INFRASTRUCTURE FINANCE AUTHORITY ADVISORY
6 BOARD TO ADVISE THE BOARD OF DIRECTORS OF THE AUTHORITY CONSISTING OF
7 RELEVANT STATE AGENCY REPRESENTATIVES AND THE FOLLOWING ADDITIONAL MEMBERS:

8 (a) ONE MEMBER WHO REPRESENTS A PUBLIC WATER SYSTEM THAT SERVES FIVE
9 HUNDRED OR MORE CONNECTIONS.

10 (b) ONE MEMBER WHO REPRESENTS A PUBLIC WATER SYSTEM THAT SERVES LESS
11 THAN FIVE HUNDRED CONNECTIONS.

12 (c) ONE MEMBER WHO REPRESENTS A SANITARY DISTRICT IN A COUNTY WITH A
13 POPULATION OF LESS THAN FIVE HUNDRED THOUSAND PERSONS.

14 (d) ONE MEMBER WHO REPRESENTS A SANITARY DISTRICT IN A COUNTY WITH A
15 POPULATION OF FIVE HUNDRED THOUSAND OR MORE PERSONS.

16 (e) ONE MEMBER WHO REPRESENTS A CITY OR TOWN WITH A POPULATION OF LESS
17 THAN FIFTY THOUSAND PERSONS.

18 (f) ONE MEMBER WHO REPRESENTS A CITY OR TOWN WITH A POPULATION OF
19 FIFTY THOUSAND OR MORE PERSONS.

20 (g) ONE MEMBER WHO REPRESENTS A COUNTY WITH A POPULATION OF FIVE
21 HUNDRED THOUSAND OR MORE PERSONS.

22 B. THE BOARD ESTABLISHED PURSUANT TO SUBSECTION A, PARAGRAPH 5 OF THIS
23 SECTION ENDS ON JULY 1, 2024 PURSUANT TO SECTION 41-3103.

24 41-5357. Supplemental law

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

31 ARTICLE 3. WORKFORCE

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

35 41-5401. Workforce Arizona council; duties; report

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

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

43 ~~2. The director of the department of economic security or the~~
44 ~~director's designee.~~

- 1 ~~3. The superintendent of public instruction or the superintendent's~~
2 ~~designee.~~
- 3 ~~4. One representative from a rural community college district who is~~
4 ~~appointed by the governor.~~
- 5 ~~5. One representative from an urban community college district who is~~
6 ~~appointed by the governor.~~
- 7 ~~6. One representative from organized labor who is appointed by the~~
8 ~~governor.~~
- 9 ~~7. Representatives from large businesses who are appointed by the~~
10 ~~governor and who shall compose at least thirty per cent of the total~~
11 ~~membership of the council.~~
- 12 ~~8. Representatives from small businesses who are appointed by the~~
13 ~~governor and who shall compose at least twenty-five per cent of the total~~
14 ~~membership of the council.~~
- 15 B. ~~The governor's council on workforce policy~~ WORKFORCE ARIZONA
16 COUNCIL that is established by executive order shall ~~develop program~~
17 ~~guidelines for selection criteria and program operations. These guidelines~~
18 ~~shall include the following areas:~~
- 19 ~~1. Project application procedures.~~
- 20 ~~2. Categories of allowable and excluded project costs.~~
- 21 ~~3. Limitations relating to partial or total project costs and interim~~
22 ~~and end of project reporting requirements.~~
- 23 ~~4. Procedures to assure that both urban and rural economic interests~~
24 ~~are addressed.~~
- 25 ~~5. Criteria to evaluate effective use of training monies.~~
- 26 ~~6. Criteria to determine the annual qualifying wage rate per county so~~
27 ~~that the qualifying wage rate reflects current economic conditions and the~~
28 ~~needs of local businesses in the county.~~ ASSIST THE GOVERNOR IN:
- 29 1. THE DEVELOPMENT, IMPLEMENTATION AND MODIFICATION OF A STATE
30 WORKFORCE PLAN.
- 31 2. THE REVIEW OF STATEWIDE POLICIES AND PROGRAMS. THE WORKFORCE
32 ARIZONA COUNCIL SHALL MAKE RECOMMENDATIONS TO THE GOVERNOR ON ACTIONS THAT
33 SHOULD BE TAKEN TO ALIGN WORKFORCE DEVELOPMENT PROGRAMS IN A MANNER THAT
34 SUPPORTS A COMPREHENSIVE AND STREAMLINED WORKFORCE DEVELOPMENT SYSTEM.
- 35 3. THE DEVELOPMENT AND CONTINUOUS IMPROVEMENT OF THE WORKFORCE
36 DEVELOPMENT SYSTEM IN THIS STATE.
- 37 4. THE DEVELOPMENT AND THE UPDATING OF COMPREHENSIVE STATE PERFORMANCE
38 ACCOUNTABILITY MEASURES.
- 39 5. THE IDENTIFICATION AND DISSEMINATION OF INFORMATION ON WORKFORCE
40 BEST PRACTICES.
- 41 6. THE DEVELOPMENT AND REVIEW OF STATEWIDE POLICIES AFFECTING THE
42 COORDINATED PROVISION OF SERVICES THROUGH A ONE-STOP DELIVERY SYSTEM.
- 43 7. THE DEVELOPMENT OF STRATEGIES FOR TECHNOLOGY IMPROVEMENTS TO
44 FACILITATE ACCESS TO AND IMPROVE THE QUALITY OF SERVICES AND ACTIVITIES
45 PROVIDED THROUGH A ONE-STOP DELIVERY SYSTEM.

1 8. THE DEVELOPMENT OF STRATEGIES FOR ALIGNING TECHNOLOGY AND DATA
2 SYSTEMS ACROSS ONE-STOP PARTNER PROGRAMS TO ENHANCE SERVICE DELIVERY AND
3 IMPROVE EFFICIENCIES IN REPORTING ON PERFORMANCE ACCOUNTABILITY MEASUREMENT
4 AND REPORTING PROCESSES AND THE INCORPORATION OF LOCAL INPUT INTO THE DESIGN
5 AND IMPLEMENTATION OF ONE-STOP PARTNER PROGRAMS.

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

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

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

1 ~~(e) A strategic plan that identifies:~~
2 ~~(i) Each workforce development program in this state.~~
3 ~~(ii) How the state programs met all performance measures in the~~
4 ~~previous fiscal year.~~

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

9 2. THE TOTAL NUMBER OF PARTICIPANTS SERVED BY WORKFORCE DEVELOPMENT
10 PROGRAMS.

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

13 4. THE NUMBER OF PARTICIPANTS WHO EXITED FROM CAREER AND TRAINING
14 SERVICES.

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

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

19 7. THE NUMBER OF INDIVIDUALS WITH BARRIERS TO EMPLOYMENT SERVED BY
20 WORKFORCE DEVELOPMENT PROGRAMS.

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

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

29 Sec. 54. Section 41-708, Arizona Revised Statutes, is transferred and
30 renumbered for placement in title 41, chapter 53, article 3, Arizona Revised
31 Statutes, as section 41-5402, and so renumbered, is amended to read:

32 41-5402. Population estimates; labor market information; powers
33 and duties; definition

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

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

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

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

1 DECLINE BY INDUSTRY AND LABOR MARKET AREA, EMPLOYER ESTABLISHMENT DATA AND
2 NUMBER OF LABOR-MANAGEMENT DISPUTES BY INDUSTRY AND LABOR MARKET AREA.

3 4. PROGRAM INFORMATION, INCLUDING PROGRAM PARTICIPANT OR STUDENT
4 INFORMATION GATHERED IN COOPERATION WITH OTHER STATE AND LOCAL AGENCIES ALONG
5 WITH RELATED LABOR MARKET INFORMATION TO EVALUATE THE EFFECTIVENESS,
6 EFFICIENCY AND IMPACT OF STATE AND LOCAL EMPLOYMENT, TRAINING, EDUCATION AND
7 JOB CREATION EFFORTS IN SUPPORT OF PLANNING, MANAGEMENT, IMPLEMENTATION AND
8 EVALUATION.

9 Sec. 55. Title 41, chapter 53, article 3, Arizona Revised Statutes, is
10 amended by adding sections 41-5403 and 41-5404, to read:

11 41-5403. Workforce data stewardship

12 A. THE OFFICE OF ECONOMIC OPPORTUNITY AND THE DEPARTMENT OF ECONOMIC
13 SECURITY SHALL ENTER INTO A MEMORANDUM OF UNDERSTANDING ON OR BEFORE
14 SEPTEMBER 30, 2016 TO ESTABLISH THAT THE OFFICE OF ECONOMIC OPPORTUNITY IS
15 THE DESIGNATED OFFICE FOR THIS STATE AND IS RESPONSIBLE FOR FULFILLING
16 UNEMPLOYMENT INSURANCE DATA REQUESTS BY ENTITIES SPECIFIED IN SECTION
17 23-722.04, SUBSECTION A.

18 B. THE OFFICE OF ECONOMIC OPPORTUNITY AND THE DEPARTMENT OF ECONOMIC
19 SECURITY IN THE MEMORANDUM OF UNDERSTANDING SHALL ESTABLISH SPECIFICATIONS
20 FOR QUARTERLY DATA TRANSMISSIONS OF UNEMPLOYMENT INSURANCE INFORMATION TO THE
21 OFFICE OF ECONOMIC OPPORTUNITY. THE INITIAL TRANSMISSION SHALL INCLUDE ALL
22 ARCHIVED DATA AVAILABLE.

23 41-5404. Workforce data task force; membership; duties; report;
24 task force termination

25 A. THE WORKFORCE DATA TASK FORCE IS ESTABLISHED IN THE OFFICE OF
26 ECONOMIC OPPORTUNITY TO OVERSEE WORKFORCE SYSTEM EVALUATION DATA SHARING.
27 THE TASK FORCE SHALL CONSIST OF THE FOLLOWING MEMBERS:

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

30 2. THE DIRECTOR OF THE DEPARTMENT OF ECONOMIC SECURITY OR THE
31 DIRECTOR'S DESIGNEE.

32 3. THE SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE SUPERINTENDENT'S
33 DESIGNEE.

34 4. THE PRESIDENT OF THE ARIZONA BOARD OF REGENTS OR THE PRESIDENT'S
35 DESIGNEE.

36 5. A REPRESENTATIVE OF A COMMUNITY COLLEGE DISTRICT OR THE
37 REPRESENTATIVE'S DESIGNEE.

38 B. THE DIRECTOR OF THE OFFICE OF ECONOMIC OPPORTUNITY MAY APPOINT
39 ADVISORY MEMBERS TO THE TASK FORCE AS NECESSARY.

40 C. MEMBERS OF THE TASK FORCE ARE NOT ELIGIBLE TO RECEIVE COMPENSATION.
41 THE OFFICE OF ECONOMIC OPPORTUNITY SHALL PROVIDE ADEQUATE STAFF SUPPORT FOR
42 THE TASK FORCE.

43 D. THE TASK FORCE SHALL:

44 1. OVERSEE DEVELOPMENT AND MAINTENANCE OF THE STATE WORKFORCE
45 EVALUATION DATA SYSTEM.

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

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

5 (b) DATA STANDARDS RELATING TO UNEMPLOYMENT INSURANCE DATA, INCLUDING
6 RULES FOR DEFINITION, FORMAT, SOURCE, PROVENANCE, ELEMENT LEVEL AND
7 CONTEXTUAL INTEGRITY.

8 (c) TECHNICAL REQUIREMENTS FOR THE STORAGE, HANDLING AND DISTRIBUTION
9 OF DATA.

10 (d) SYSTEM PERFORMANCE EXPECTATIONS.

11 (e) CONTROLS FOR DATA CONFIDENTIALITY AND DATA SECURITY FOR
12 UNEMPLOYMENT DATA, INCLUDING WHEN DATA IS IN TRANSMISSION.

13 (f) DATA QUALITY AND REPORTING STANDARDS.

14 (g) REQUIRED ELEMENTS FOR DATA SHARING AGREEMENTS THAT CONFORM TO
15 RELEVANT STATE AND FEDERAL REQUIREMENTS AND THAT ESTABLISH ADEQUACY OF
16 RECEIVING SYSTEM REQUIREMENTS.

17 (h) A METHODOLOGY TO FUND THE DEVELOPMENT AND ONGOING DATABASE COSTS
18 FROM EXISTING RESOURCES OF ENTITIES THAT HAVE ENTERED INTO CURRENT DATA
19 SHARING AGREEMENTS PURSUANT TO SECTION 23-722.04.

20 3. PROVIDE ANALYSES AND RECOMMENDATIONS FOR ALL OF THE FOLLOWING:

21 (a) DATA AUDIT MANAGEMENT, INCLUDING DATA QUALITY METRICS, SANCTIONS
22 AND INCENTIVES FOR DATA QUALITY IMPROVEMENT.

23 (b) DOCUMENTATION STANDARDS FOR DATA ELEMENTS AND SYSTEMS COMPONENTS.

24 (c) DATA ARCHIVAL AND RETRIEVAL MANAGEMENT SYSTEMS, INCLUDING CHANGE
25 CONTROL AND CHANGE TRACKING.

26 (d) PUBLICATION OF STANDARD AND AD HOC REPORTS FOR STATE AND LOCAL
27 LEVEL USE ON WORKFORCE SYSTEM PERFORMANCE.

28 4. SUBMIT AN ANNUAL REPORT REGARDING THE TASK FORCE'S ACTIVITIES ON OR
29 BEFORE NOVEMBER 1 TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE
30 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND PROVIDE A COPY OF THIS REPORT TO
31 THE SECRETARY OF STATE. THE INITIAL REPORT SHALL INCLUDE ALL INITIAL
32 REQUIREMENTS, STRUCTURES AND METHODOLOGIES DETERMINED PURSUANT TO THIS
33 SECTION.

34 E. THE TASK FORCE ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2024
35 PURSUANT TO SECTION 41-3103.

36 Sec. 56. Section 43-1083.03, Arizona Revised Statutes, is amended to
37 read:

38 43-1083.03. Credit for qualified facilities

39 A. For taxable years beginning from and after December 31, 2012
40 through December 31, ~~2019~~ 2022, a credit is allowed against the taxes imposed
41 by this title for qualifying investment and employment in expanding or
42 locating a qualified facility in this state. To qualify for the credit,
43 after June 30, 2012 the taxpayer must invest in a new qualified facility or
44 expand an existing qualified facility in this state and produce new full-time
45 employment positions where the job duties are performed at the location of

1 the qualifying investment. The taxpayer must meet the employee compensation
2 and employee health benefit requirements prescribed by section 41-1512.

3 B. The amount of the credit is computed as follows:

4 1. Ten ~~per cent~~ PERCENT of the lesser of:

5 (a) The ~~taxpayer's~~ total ~~capital~~ QUALIFYING investment in the
6 qualified facility.

7 (b) Two hundred thousand dollars for each net new full-time employment
8 position at the qualified facility.

9 2. The amount of the credit shall not exceed the postapproval amount
10 determined by the Arizona commerce authority under section 41-1512,
11 subsection P.

12 3. SUBJECT TO SUBSECTION J OF THIS SECTION, the credit amount computed
13 under paragraph 1 of this subsection is apportioned, and the taxpayer shall
14 claim the credit in five equal annual installments in each of five
15 consecutive taxable years.

16 C. To claim the credit the taxpayer must:

17 1. Conduct a business that qualifies under section 41-1512.

18 2. Receive preapproval and postapproval from the Arizona commerce
19 authority pursuant to section 41-1512.

20 3. Submit to the department a copy of a current and valid
21 certification of qualification issued to the taxpayer by the Arizona commerce
22 authority.

23 D. To be counted for the purposes of the credit, an employee must have
24 been employed at the qualified facility for at least ninety days during the
25 taxable year in a permanent full-time employment position of at least one
26 thousand seven hundred fifty hours per year. An employee who is hired during
27 the last ninety days of the taxable year shall be considered a new employee
28 during the next taxable year. To be counted for the purposes of the credit
29 during the first taxable year of employment, the employee must not have been
30 previously employed by the taxpayer within twelve months before the current
31 date of hire. The terms of employment must comply in all cases with the
32 requirements of section 41-1512 and be certified by the Arizona commerce
33 authority.

34 E. Co-owners of a business, including partners in a partnership,
35 members of a limited liability company and shareholders of an S corporation,
36 as defined in section 1361 of the internal revenue code, may each claim only
37 the pro rata share of the credit allowed under this section based on the
38 ownership interest. The total of the credits allowed all owners of the
39 business may not exceed the amount that would have been allowed for a sole
40 owner of the business.

41 F. If the allowable tax credit for a taxable year exceeds the income
42 taxes otherwise due on the claimant's income, or if there are no state income
43 taxes due on the claimant's income, the amount of the claim not used as an
44 offset against income taxes shall be paid to the taxpayer in the same manner
45 as a refund under section 42-1118. Refunds made pursuant to this subsection

1 are subject to setoff under section 42-1122. If the department determines
2 that a refund is incorrect or invalid, the excess refund may be treated as a
3 tax deficiency pursuant to section 42-1108.

4 G. Except as provided by subsection H of this section, if, within five
5 taxable years after first receiving a credit pursuant to this section, the
6 certification of qualification of a business is terminated or revoked under
7 section 41-1512, other than for reasons beyond the control of the business as
8 determined by the Arizona commerce authority, the taxpayer is disqualified
9 from credits under this section in subsequent taxable years. On a
10 determination that the taxpayer has committed fraud or relocated outside of
11 this state within five taxable years after first receiving a credit pursuant
12 to this section, the credits allowed the taxpayer in all taxable years
13 pursuant to this section are subject to recapture pursuant to this
14 subsection. This subsection applies only in the case of the termination or
15 revocation of a certification of qualification under section 41-1512. This
16 subsection does not apply if, in any taxable year, a taxpayer otherwise does
17 not qualify for or fails to claim the credit under this section. The
18 recapture of credits is computed by increasing the amount of taxes imposed in
19 the year following the year of termination or revocation by the full amount
20 of all credits previously allowed under this section.

21 H. A taxpayer who claims a credit under section 43-1074, 43-1079 or
22 43-1083.01 may not claim a credit under this section with respect to the same
23 full-time employment positions.

24 I. The department of revenue shall adopt rules and prescribe forms and
25 procedures as necessary for the purposes of this section. The department of
26 revenue and the Arizona commerce authority shall collaborate in adopting
27 rules as necessary to avoid duplication and contradictory requirements while
28 accomplishing the intent and purposes of this section.

29 J. EACH TAXABLE YEAR AFTER THE POSTAPPROVAL OF THE CREDIT UNDER
30 SECTION 41-1512, SUBSECTION P, WHEN THE TAXPAYER FILES THE TAXPAYER'S INCOME
31 TAX RETURN, THE TAXPAYER SHALL:

32 1. NOTIFY THE DEPARTMENT, ON A FORM PRESCRIBED BY THE DEPARTMENT, OF
33 ANY FULL-TIME EMPLOYMENT POSITION FOR WHICH A CREDIT WAS CLAIMED UNDER THIS
34 SECTION THAT WAS VACANT FOR MORE THAN ONE HUNDRED FIFTY DAYS FROM THE DATE
35 THE FULL-TIME EMPLOYMENT POSITION WAS ORIGINALLY FILLED TO THE END OF THAT
36 TAX YEAR. THE PERIOD THAT A FULL-TIME EMPLOYMENT POSITION WAS VACANT MAY NOT
37 INCLUDE THE PERIOD BEFORE THE FULL-TIME EMPLOYMENT POSITION WAS FILLED FOR
38 THE FIRST TIME.

39 2. REDUCE THE PORTION OF THE CREDIT CLAIMED FOR THE TAXABLE YEAR
40 PURSUANT TO SUBSECTION B, PARAGRAPH 3 OF THIS SECTION BY FOUR THOUSAND
41 DOLLARS FOR EACH FULL-TIME EMPLOYMENT POSITION REPORTED PURSUANT TO PARAGRAPH
42 1 OF THIS SUBSECTION.

1 Sec. 57. Section 43-1164.04, Arizona Revised Statutes, is amended to
2 read:

3 43-1164.04. Credit for qualified facilities

4 A. For taxable years beginning from and after December 31, 2012
5 through December 31, ~~2019~~ 2022, a credit is allowed against the taxes imposed
6 by this title for qualifying investment and employment in expanding or
7 locating a qualified facility in this state. To qualify for the credit,
8 after June 30, 2012 the taxpayer must invest in a new qualified facility or
9 expand an existing qualified facility in this state and produce new full-time
10 employment positions where the job duties are performed at the location of
11 the qualifying investment. The taxpayer must meet the employee compensation
12 and employee health benefit requirements prescribed by section 41-1512.

13 B. The amount of the credit is computed as follows:

14 1. Ten ~~per cent~~ PERCENT of the lesser of:

15 (a) The ~~taxpayer's~~ total ~~capital~~ QUALIFYING investment in the
16 qualified facility.

17 (b) Two hundred thousand dollars for each net new full-time employment
18 position at the qualified facility.

19 2. The amount of the credit shall not exceed the postapproval amount
20 determined by the Arizona commerce authority under section 41-1512,
21 subsection P.

22 3. SUBJECT TO SUBSECTION J OF THIS SECTION, the credit amount computed
23 under paragraph 1 of this subsection is apportioned, and the taxpayer shall
24 claim the credit in five equal annual installments in each of five
25 consecutive taxable years.

26 C. To claim the credit the taxpayer must:

27 1. Conduct a business that qualifies under section 41-1512.

28 2. Receive preapproval and postapproval from the Arizona commerce
29 authority pursuant to section 41-1512.

30 3. Submit to the department a copy of a current and valid
31 certification of qualification issued to the taxpayer by the Arizona commerce
32 authority.

33 D. To be counted for the purposes of the credit, an employee must have
34 been employed at the qualified facility for at least ninety days during the
35 taxable year in a permanent full-time employment position of at least one
36 thousand seven hundred fifty hours per year. An employee who is hired during
37 the last ninety days of the taxable year shall be considered a new employee
38 during the next taxable year. To be counted for the purposes of the credit
39 during the first taxable year of employment, the employee must not have been
40 previously employed by the taxpayer within twelve months before the current
41 date of hire. The terms of employment must comply in all cases with the
42 requirements of section 41-1512 and be certified by the Arizona commerce
43 authority.

44 E. Co-owners of a business, including corporate partners in a
45 partnership and members of a limited liability company, may each claim only

1 the pro rata share of the credit allowed under this section based on the
2 ownership interest. The total of the credits allowed all owners of the
3 business may not exceed the amount that would have been allowed for a sole
4 owner of the business.

5 F. If the allowable tax credit for a taxable year exceeds the income
6 taxes otherwise due on the claimant's income, or if there are no state income
7 taxes due on the claimant's income, the amount of the claim not used as an
8 offset against income taxes shall be paid to the taxpayer in the same manner
9 as a refund under section 42-1118. Refunds made pursuant to this subsection
10 are subject to setoff under section 42-1122. If the department determines
11 that a refund is incorrect or invalid, the excess refund may be treated as a
12 tax deficiency pursuant to section 42-1108.

13 G. Except as provided by subsection H of this section, if, within five
14 taxable years after first receiving a credit pursuant to this section, the
15 certification of qualification of a business is terminated or revoked under
16 section 41-1512, other than for reasons beyond the control of the business as
17 determined by the Arizona commerce authority, the taxpayer is disqualified
18 from credits under this section in subsequent taxable years. On a
19 determination that the taxpayer has committed fraud or relocated outside of
20 this state within five taxable years after first receiving a credit pursuant
21 to this section, the credits allowed the taxpayer in all taxable years
22 pursuant to this section are subject to recapture pursuant to this
23 subsection. This subsection applies only in the case of the termination or
24 revocation of a certification of qualification under section 41-1512. This
25 subsection does not apply if, in any taxable year, a taxpayer otherwise does
26 not qualify for or fails to claim the credit under this section. The
27 recapture of credits is computed by increasing the amount of taxes imposed in
28 the year following the year of termination or revocation by the full amount
29 of all credits previously allowed under this section.

30 H. A taxpayer who claims a credit under section 43-1161, 43-1164.01 or
31 43-1167 may not claim a credit under this section with respect to the same
32 full-time employment positions.

33 I. The department of revenue shall adopt rules and prescribe forms and
34 procedures as necessary for the purposes of this section. The department of
35 revenue and the Arizona commerce authority shall collaborate in adopting
36 rules as necessary to avoid duplication and contradictory requirements while
37 accomplishing the intent and purposes of this section.

38 J. EACH TAXABLE YEAR AFTER THE POSTAPPROVAL OF THE CREDIT UNDER
39 SECTION 41-1512, SUBSECTION P, WHEN THE TAXPAYER FILES THE TAXPAYER'S INCOME
40 TAX RETURN, THE TAXPAYER SHALL:

41 1. NOTIFY THE DEPARTMENT, ON A FORM PRESCRIBED BY THE DEPARTMENT, OF
42 ANY FULL-TIME EMPLOYMENT POSITION FOR WHICH A CREDIT WAS CLAIMED UNDER THIS
43 SECTION THAT WAS VACANT FOR MORE THAN ONE HUNDRED FIFTY DAYS FROM THE DATE
44 THE FULL-TIME EMPLOYMENT POSITION WAS ORIGINALLY FILLED TO THE END OF THAT
45 TAX YEAR. THE PERIOD THAT A FULL-TIME EMPLOYMENT POSITION WAS VACANT MAY NOT

1 INCLUDE THE PERIOD BEFORE THE FULL-TIME EMPLOYMENT POSITION WAS FILLED FOR
2 THE FIRST TIME.

3 2. REDUCE THE PORTION OF THE CREDIT CLAIMED FOR THE TAXABLE YEAR
4 PURSUANT TO SUBSECTION B, PARAGRAPH 3 OF THIS SECTION BY FOUR THOUSAND
5 DOLLARS FOR EACH FULL-TIME EMPLOYMENT POSITION REPORTED PURSUANT TO PARAGRAPH
6 1 OF THIS SUBSECTION.

7 Sec. 58. Section 44-1843, Arizona Revised Statutes, is amended to
8 read:

9 44-1843. Exempt securities; fee; filing

10 A. Sections 44-1841 and 44-1842, section 44-1843.02, subsections B and
11 C and sections 44-3321 and 44-3325 do not apply to any of the following
12 classes of securities:

13 1. Securities issued or guaranteed by the United States, by any state,
14 territory or insular possession of the United States, by any political
15 subdivision of such state, territory or insular possession, by the District
16 of Columbia or by any agency or instrumentality of one or more of any of the
17 foregoing. This exemption shall not apply to securities regulated pursuant
18 to section 44-1843.01.

19 2. Securities issued by a national bank, a bank or a credit or loan
20 association organized pursuant to an act of Congress and supervised by the
21 United States or an agency of the United States, or issued by a state bank or
22 savings institution the business of which is supervised and regulated by an
23 agency of this state or of the United States.

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

26 4. Insurance or endowment policies, variable contracts, annuity
27 contracts or optional annuity contracts issued by a person subject to the
28 supervision of and licensed by the insurance commissioner, the bank
29 commissioner or any agency of the United States, any state or the District of
30 Columbia performing like functions.

31 5. Securities issued or guaranteed either as to principal, interest or
32 dividend by a railroad or public utility if the issuance of its securities is
33 regulated by an agency of the United States, a state, territory or insular
34 possession of the United States, an agency of the District of Columbia or an
35 agency of the Dominion of Canada or any province of the Dominion of Canada,
36 and also equipment trust certificates in respect to equipment conditionally
37 sold or leased to a railroad or public utility, if other securities issued by
38 such railroad or public utility would be exempt under this paragraph.

39 6. Securities issued by a person that is organized and operated
40 exclusively for religious, educational, benevolent, fraternal, charitable or
41 reformatory purposes and not for pecuniary profit, and no part of the net
42 earnings of which inures to the benefit of any person, private stockholder or
43 individual and securities issued by or any interest or participation in any
44 pooled income fund, collective trust fund, collective investment fund or
45 similar fund that is excluded from the definition of an investment company

1 under section 3(c)(10)(B) of the investment company act of 1940. The
2 exemption prescribed in this paragraph does not apply to any of the
3 following, unless excluded from the definition of an investment company under
4 section 3(c)(10)(B) of the investment company act of 1940:

5 (a) Securities made liens upon revenue producing property subject to
6 taxation.

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

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

19 (d) Securities whose terms include significant features that are
20 common to debt securities and that the commission finds are the functional
21 equivalent of debt securities.

22 7. Securities listed or approved for listing upon the issuance thereof
23 upon the New York stock exchange, the American stock exchange, the midwest
24 stock exchange or any other national securities exchange that is registered
25 under the securities exchange act of 1934 and that is designated by the
26 commission as provided in this paragraph, and securities designated or
27 approved for designation on notice of issuance on the national market system
28 of a national securities association registered under the securities exchange
29 act of 1934, and all securities senior or equal in rank to any securities so
30 listed or approved for listing, designated or approved for designation or
31 represented by subscription rights or warrants that have been so listed,
32 designated or approved and any warrant or right to purchase or subscribe to
33 any of the foregoing. In addition to the securities exchanges prescribed in
34 this paragraph, the commission may by order designate any registered national
35 securities exchange if it finds that it would be in the public interest for
36 securities listed on the exchange to be exempt. The commission may at any
37 time by order withdraw a designation of an exchange or association made under
38 this paragraph.

39 8. Commercial paper that arises out of a current transaction or the
40 proceeds of which have been or are to be used for current transactions, that
41 evidences an obligation to pay cash within nine months of the date of
42 issuance or sale, exclusive of days of grace, or any renewal of such paper
43 that is likewise limited, or any guarantee of such paper or of any such
44 renewal.

1 9. Securities issued or guaranteed by any foreign government with
2 which the United States is at the time of the sale maintaining diplomatic
3 relations, or securities issued or guaranteed by a political subdivision of
4 such foreign government having the power of taxation, if none of the
5 securities of the foreign government or political subdivision are in default
6 either as to principal or interest, and which securities when offered for
7 sale in this state are acknowledged as valid obligations by the foreign
8 government or political subdivision and registered under the securities act
9 of 1933.

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

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

17 B. Issuers of securities that are exempt under subsection A,
18 paragraphs 6, 7 and 9 of this section, within thirty days after the first
19 sale of the securities in this state, shall pay to the commission a fee of
20 two hundred dollars for each offering, and the commission shall deposit the
21 fees in the ~~Arizona competes fund established by section 41-1545.01~~ OFFICE OF
22 ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED BY SECTION 41-5302.

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

32 D. Noncompliance with the requirements in subsection B of this section
33 to pay fees shall not result in the loss of the exemption allowed by this
34 section.

35 Sec. 59. Section 44-1861, Arizona Revised Statutes, is amended to
36 read:

37 44-1861. Fees; deposit; abandonment

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

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

1 C. For registration of securities by description, there shall be paid
2 to the commission a nonrefundable registration fee of one-tenth of one ~~per~~
3 ~~cent~~ PERCENT of the aggregate offering price of the securities that are to be
4 sold in this state, but in no event shall the registration fee be less than
5 two hundred dollars nor more than two thousand dollars. The amount by which
6 a registration fee exceeds one thousand five hundred dollars shall be
7 allocated to the ~~Arizona competes fund established by section 41-1545.01~~
8 OFFICE OF ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED BY SECTION
9 41-5302.

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

16 E. The initial filing of a form required for safe harbor exemptions
17 provided for in the securities act of 1933 (15 United States Code section
18 77(a) et seq.) pursuant to the rules of the commission shall be accompanied
19 by a filing fee of two hundred fifty dollars, of which fifty dollars shall be
20 allocated to the ~~Arizona competes fund established by section 41-1545.01~~
21 OFFICE OF ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED BY SECTION
22 41-5302. The final filing of the form, if separate from the initial filing,
23 shall be accompanied by a filing fee of one hundred dollars that is allocated
24 to the ~~Arizona competes fund established by section 41-1545.01~~ OFFICE OF
25 ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED BY SECTION 41-5302.

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

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

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

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

37 J. An issuer who sells securities in this state in excess of the
38 aggregate amount of securities registered in this state, while the
39 registration is still effective, may apply to register the excess securities
40 by paying three times the difference between the initial registration fee
41 paid and the registration fee required under subsection C of this section or
42 section 44-1892, paragraph 3. Registration of the excess securities, if
43 granted, is effective retroactively to the date of the existing registration.

1 K. An application for registration of securities or registration of a
2 dealer or salesman or an incomplete notice filing is deemed abandoned if
3 both:

4 1. The application or notice filing has been on file with the
5 commission for at least six months or the applicant or notice filer has
6 failed to respond to a request for information for at least two months after
7 the date of the request.

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

11 L. The commission shall retain fees collected in connection with
12 abandoned applications or notice filings for deposit in the state general
13 fund.

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

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

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

20 P. Any securities exchange established in this state shall pay to the
21 commission on or before March 15 of each calendar year an exchange
22 registration fee in an amount equal to two-tenths of one cent for each share,
23 bond or option or any other single unit of a security that is exchanged
24 during each preceding calendar year. The commission shall deposit the fee,
25 pursuant to sections 35-146 and 35-147, in the securities regulatory and
26 enforcement fund established by section 44-2039 for the purpose of regulating
27 the securities exchange. The commission, by rule, may exempt any sale of
28 securities or any class of sales of securities from the fee imposed by this
29 subsection if it finds that an exemption is consistent with the public
30 interest and the equal regulation of the market and brokers and dealers.

31 Sec. 60. Section 44-1892, Arizona Revised Statutes, is amended to
32 read:

33 44-1892. Documents required for application for registration by
34 qualification; fee

35 Application for registration of securities by qualification shall be
36 made by the issuer of the securities by filing with the commission the
37 following documents:

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

40 2. A prospectus as provided by section 44-1894, except as provided in
41 section 44-1901.

42 3. A nonrefundable registration fee of one-tenth of one ~~per-cent~~
43 PERCENT of the aggregate offering price of securities to be sold in this
44 state, but the registration fee shall not be less than two hundred nor more
45 than two thousand dollars. The amount by which a registration fee exceeds

1 one thousand five hundred dollars shall be allocated to the ~~Arizona competes~~
2 ~~fund established by section 41-1545.01~~ OFFICE OF ECONOMIC OPPORTUNITY
3 OPERATIONS FUND ESTABLISHED BY SECTION 41-5302.

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

7 Sec. 61. Section 44-3324, Arizona Revised Statutes, is amended to
8 read:

9 44-3324. Notice filing fees

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

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

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

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

33 C. An open-end company that does not renew its notice filing in
34 accordance with section 44-3322, subsection B and that did not previously pay
35 the maximum fee for the notice period shall pay a nonrefundable notice filing
36 fee no later than two months after the expiration of its current notice
37 period for sales that occurred during the prior fiscal year and during the
38 two month period from the end of the prior fiscal year to the expiration of
39 the notice period, as those sales are reported pursuant to section 44-3323,
40 subsection D. The fee is equal to one-tenth of one ~~per cent~~ PERCENT of the
41 aggregate dollar amount of securities actually sold in this state during the
42 prior fiscal year and during the two month period from the end of the prior
43 fiscal year to the expiration of the notice period minus two hundred dollars,
44 but in no event more than three thousand three hundred dollars. If the

1 maximum fee was previously paid for the prior fiscal year, the open-end
2 company is not required to pay any additional fees under this subsection.

3 D. When filing its initial notice filing, a unit investment trust
4 shall pay a nonrefundable notice filing fee for sales to be made during the
5 initial notice period. The unit investment trust may elect to pay either a
6 minimum fee of two hundred dollars or a maximum fee of three thousand five
7 hundred dollars. If paying the maximum fee, the unit investment trust is not
8 required to file a sales report at the end of the expiration of the notice
9 period.

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

13 1. For sales to be made during the renewal notice period, a unit
14 investment trust may elect to pay either a minimum fee of two hundred dollars
15 or a maximum fee of three thousand five hundred dollars. The fee shall be
16 paid no later than the expiration date of the current notice period. If
17 paying the maximum fee, a unit investment trust is not required to file a
18 sales report within two months after the expiration of the renewal notice
19 period.

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

30 F. A unit investment trust that does not renew its notice filing in
31 accordance with section 44-3322, subsection C and that did not previously pay
32 the maximum fee for the notice period shall pay, within two months after the
33 expiration of the notice period, a nonrefundable notice filing fee for sales
34 that occurred during the prior notice period as such sales are reported
35 pursuant to section 44-3323, subsection F. The fee is equal to one-tenth of
36 one ~~per-cent~~ PERCENT of the aggregate dollar amount of securities actually
37 sold in this state by the unit investment trust during the prior notice
38 period minus two hundred dollars, but in no event more than three thousand
39 three hundred dollars. If the maximum fee was previously paid for the
40 expiring notice period, the unit investment trust is not required to pay any
41 additional fees under this subsection.

42 G. An issuer that fails to timely file any sales report required by
43 section 44-3323 shall pay a late filing fee in the amount of two hundred
44 dollars. An issuer that fails to timely pay any notice filing fees required
45 pursuant to this section shall pay the required notice filing fee together

1 with a late payment fee equal to one-half of the amount of the required
2 notice filing fee.

3 H. The fees collected pursuant to this section shall be deposited as
4 follows:

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

7 2. Ten ~~per cent~~ PERCENT in the ~~Arizona competes fund established by~~
8 ~~section 41-1545.01~~ OFFICE OF ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED
9 BY SECTION 41-5302.

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

12 Sec. 62. Section 44-3325, Arizona Revised Statutes, is amended to
13 read:

14 44-3325. Notice filings by closed-end companies

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

18 1. The documents that are filed with the SEC and that are required by
19 the commission.

20 2. A consent to service of process.

21 3. A notice filing fee calculated pursuant to this section.

22 B. A notice filing is effective and renewable on the filing date with
23 the commission or the effective date with the SEC, whichever occurs last, and
24 the notice filing is effective for one year from that date.

25 C. A closed-end company shall include with the company's notice filing
26 a notice filing fee of one-tenth of one ~~per cent~~ PERCENT of the aggregate
27 offering price of securities sold in this state, but the fee shall not be
28 less than two hundred dollars and not more than two thousand dollars. The
29 amount by which a notice filing fee exceeds one thousand five hundred dollars
30 shall be allocated to the ~~Arizona competes fund established by section~~
31 ~~41-1545.01~~ OFFICE OF ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED BY
32 SECTION 41-5302.

33 D. A closed-end company shall file a report of all sales of securities
34 to persons in this state during the period of the notice filing. The
35 closed-end company shall file the report with the commission within sixty
36 days after the termination date of the offering within this state or the
37 expiration date of the notice filing, whichever occurs first. A closed-end
38 company that fails to timely file a report of sales shall pay a late filing
39 fee of two hundred dollars.

40 Sec. 63. Section 48-6202, Arizona Revised Statutes, is amended to
41 read:

42 48-6202. Formation of district

43 A. The governing bodies of a city with a population of more than one
44 million persons and a county with a population of more than one hundred
45 twenty-five thousand but less than one hundred fifty thousand persons and a

1 city with a population of more than three thousand persons but less than five
2 thousand persons that is located entirely in that county may establish in any
3 combination that includes the county a theme park district as provided by
4 this chapter. For the purposes of this subsection, the population shall be
5 determined according to the most recent population estimate data produced by
6 the ~~office of employment and population statistics~~ OFFICE OF ECONOMIC
7 OPPORTUNITY at the time the district is established. The district may
8 include theme park sites in one or both cities or in the county establishing
9 the district, or in any combination of a city or cities and a county,
10 including a combination of a county with a population of more than one
11 hundred twenty-five thousand but less than one hundred fifty thousand persons
12 and a city with a population of more than three thousand persons but less
13 than five thousand persons that is located entirely in that county. The city
14 or cities and the county shall establish the geographical boundaries of the
15 district, which shall include only the sites of the theme parks. The
16 district may be established with a single theme park site, any additional
17 sites may be added after the district is initially established and the
18 geographical boundaries of the district may be revised after it is initially
19 established.

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

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

26 D. The district is regarded as performing a governmental function in
27 carrying out the purposes of this chapter. The property acquired or
28 constructed by the district, the activities of the district in maintaining
29 and caring for the property and the monies derived by the district from
30 operating the property are exempt from state and local income and property
31 taxation.

32 Sec. 64. Section 49-1201, Arizona Revised Statutes, is amended to
33 read:

34 49-1201. Definitions

35 In this chapter, unless the context otherwise requires:

- 36 1. "Authority" means the water infrastructure authority of Arizona.
- 37 2. "Board" means the board of directors of the ARIZONA FINANCE
38 authority ESTABLISHED BY TITLE 41, CHAPTER 53, ARTICLE 2.
- 39 3. "Bonds of a political subdivision" means bonds issued by a
40 political subdivision as authorized by law.
- 41 4. "Clean water act" means the federal water pollution control act
42 amendments of 1972 (P.L. 92-500; 86 Stat. 816), as amended by the water
43 quality act of 1987 (P.L. 100-4; 101 Stat. 7).
- 44 ~~5. "Committee" means the water supply development fund committee
45 established by section 49-1202, subsection B.~~

1 ~~6-~~ 5. "Drinking water facility" means a community water system or a
2 nonprofit noncommunity water system as defined in the safe drinking water act
3 OF 1974 (P.L. 93-523; 88 Stat. ~~1660~~ 1661; P.L. 95-190; 91 Stat. 1393;
4 P.L. 104-182; 110 Stat. 1613) that is located in this state. For purposes of
5 this chapter, drinking water facility does not include water systems owned by
6 federal agencies.

7 ~~7-~~ 6. "Financial assistance loan repayment agreement" means an
8 agreement to repay a loan provided to design, construct, acquire,
9 rehabilitate or improve water or wastewater infrastructure, related property
10 and appurtenances or a loan provided to finance a water supply development
11 project.

12 ~~8-~~ 7. "Indian tribe" means any Indian tribe, band, group or community
13 that is recognized by the United States secretary of the interior and that
14 exercises governmental authority within the limits of any Indian reservation
15 under the jurisdiction of the United States government, notwithstanding the
16 issuance of any patent and including rights-of-way running through the
17 reservation.

18 ~~9-~~ 8. "Nonpoint source project" means a project designed to implement
19 a certified water quality management plan.

20 ~~10-~~ 9. "Political subdivision" means a county, city, town or special
21 taxing district authorized by law to construct wastewater treatment
22 facilities, drinking water facilities or nonpoint source projects.

23 ~~11-~~ 10. "Safe drinking water act" means the federal safe drinking
24 water act OF 1974 (P.L. 93-523; 88 Stat. ~~1660~~ 1661; P.L. 95-190; 91 Stat.
25 1393; P.L. 104-182; 110 Stat. 1613), as amended in 1996.

26 ~~12-~~ 11. "Technical assistance loan repayment agreement" means either
27 of the following:

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

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

35 ~~13-~~ 12. "Wastewater treatment facility" means a treatment works, as
36 defined in section 212 of the clean water act, that is located in this state
37 and that is designed to hold, cleanse or purify or to prevent the discharge
38 of untreated or inadequately treated sewage or other polluted waters for
39 purposes of complying with the clean water act.

40 ~~14-~~ 13. "Water provider" means any of the following:

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

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

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

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

4 (e) An Indian tribe.

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

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

12 ~~15.~~ 14. "Water supply development" means either of the following:

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

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

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

20 (ii) Reclamation and reuse of water.

21 (iii) Replenishment of groundwater.

22 Sec. 65. Section 49-1202, Arizona Revised Statutes, is amended to
23 read:

24 49-1202. Water infrastructure finance authority of Arizona

25 ~~A.~~ The water infrastructure finance authority of Arizona is
26 established IN THE ARIZONA FINANCE AUTHORITY. ~~A THE ARIZONA FINANCE~~
27 AUTHORITY board of directors shall govern the WATER INFRASTRUCTURE FINANCE
28 authority OF ARIZONA. ~~The board of directors consists of:~~

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

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

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

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

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

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

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

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

1 ~~9. The chairman of the Arizona corporation commission or the~~
2 ~~chairman's representative.~~
3 ~~10. One member who is appointed by the governor from a public water~~
4 ~~system that serves five hundred persons or more.~~
5 ~~11. One member who is appointed by the governor from a public water~~
6 ~~system that serves fewer than five hundred persons.~~
7 ~~12. One member who is appointed by the governor to represent Indian~~
8 ~~tribes.~~
9 ~~B. The water supply development fund committee of the authority is~~
10 ~~established. The committee consists of:~~
11 ~~1. The director of water resources, or the director's representative,~~
12 ~~who serves as chairperson of the committee.~~
13 ~~2. The director of environmental quality, or the director's~~
14 ~~representative, who serves as vice-chairperson of the committee.~~
15 ~~3. The chairman of the corporation commission or the chairman's~~
16 ~~representative.~~
17 ~~4. The state treasurer or the treasurer's representative.~~
18 ~~5. One member who is appointed by the governor to represent~~
19 ~~municipalities with populations of fifty thousand persons or more but less~~
20 ~~than one hundred thousand persons.~~
21 ~~6. One member who is appointed by the governor to represent~~
22 ~~municipalities with populations of less than fifty thousand persons from a~~
23 ~~county with a population of less than five hundred thousand persons.~~
24 ~~7. One member who is appointed by the governor to represent counties~~
25 ~~with populations of less than eight hundred thousand persons.~~
26 ~~8. One member who is appointed by the governor to represent counties~~
27 ~~with populations of eight hundred thousand persons or more but less than one~~
28 ~~million five hundred thousand persons.~~
29 ~~9. One member who is appointed by the governor to represent counties~~
30 ~~with populations of one million five hundred thousand persons or more.~~
31 ~~10. One member who is appointed by the governor to represent cities~~
32 ~~with populations of more than one hundred thousand persons in counties with~~
33 ~~populations of more than one million persons.~~
34 ~~11. One member who is appointed by the governor from a public service~~
35 ~~corporation that serves one thousand eight hundred fifty persons or more.~~
36 ~~12. One member who is appointed by the governor from a public water~~
37 ~~system that serves fewer than one thousand eight hundred fifty persons.~~
38 ~~13. One member who is appointed by the governor to represent Indian~~
39 ~~tribes.~~
40 ~~C. Members of the board and the committee who are appointed by the~~
41 ~~governor serve at the governor's pleasure and serve staggered five year~~
42 ~~terms. Members of the board and the committee are not eligible to receive~~
43 ~~compensation for their services but are eligible for reimbursement for travel~~
44 ~~and other expenses pursuant to title 38, chapter 4, article 2. Members of~~
45 ~~the board and the committee are public officers for purposes of title 38, and~~

1 ~~the authority and the committee are public bodies for purposes of title 38,~~
2 ~~chapter 3, article 3.1.~~

3 ~~D. Members of the board shall not have any direct or indirect personal~~
4 ~~financial interest in any clean water or drinking water project financed~~
5 ~~under this article. Members of the committee shall not have any direct or~~
6 ~~indirect personal financial interest in any water supply development project~~
7 ~~financed under this article. For the purposes of this subsection, a member~~
8 ~~of the board or the committee who is a full-time employee of a participant in~~
9 ~~or applicant for a loan does not have a direct or indirect personal financial~~
10 ~~interest in a project. A violation of this subsection is a class 1~~
11 ~~misdemeanor.~~

12 ~~E. The department of environmental quality shall provide clerical~~
13 ~~support and office and meeting space to the board.~~

14 ~~F. The department of water resources shall provide technical~~
15 ~~assistance to the committee as requested by the committee.~~

16 Sec. 66. Section 49-1203, Arizona Revised Statutes, is amended to
17 read:

18 49-1203. Powers and duties of authority; definition

19 A. The authority is a corporate and politic body and shall have an
20 official seal that shall be judicially noticed. The authority may sue and be
21 sued, contract and acquire, hold, operate and dispose of property.

22 B. The authority, through its board, may:

23 1. Issue negotiable water quality bonds pursuant to section 49-1261
24 for the following purposes:

25 (a) To generate the state match required by the clean water act for
26 the clean water revolving fund and to generate the match required by the safe
27 drinking water act for the drinking water revolving fund.

28 (b) To provide financial assistance to political subdivisions, Indian
29 tribes and eligible drinking water facilities for constructing, acquiring or
30 improving wastewater treatment facilities, drinking water facilities,
31 nonpoint source projects and other related water quality facilities and
32 projects.

33 2. Issue water supply development bonds for the purpose of providing
34 financial assistance to water providers for water supply development purposes
35 pursuant to sections 49-1274 and 49-1275.

36 3. Provide financial assistance to political subdivisions and Indian
37 tribes from monies in the clean water revolving fund to finance wastewater
38 treatment projects.

39 4. Provide financial assistance to drinking water facilities from
40 monies in the drinking water revolving fund to finance these facilities.

41 5. Provide financial assistance to water providers from monies in the
42 water supply development revolving fund to finance water supply development.

43 6. Guarantee debt obligations of, and provide linked deposit
44 guarantees through third party lenders to:

- 1 (a) Political subdivisions that are issued to finance wastewater
2 treatment projects.
- 3 (b) Drinking water facilities that are issued to finance these
4 facilities.
- 5 (c) Water providers that are issued to finance water supply
6 development projects.
- 7 7. Provide linked deposit guarantees through third party lenders to
8 political subdivisions, drinking water facilities and water providers.
- 9 8. Apply for, accept and administer grants and other financial
10 assistance from the United States government and from other public and
11 private sources.
- 12 9. Enter into capitalization grant agreements with the United States
13 environmental protection agency.
- 14 10. Adopt rules pursuant to title 41, chapter 6 governing the
15 application for and awarding of wastewater treatment facility, drinking water
16 facility and nonpoint source project financial assistance under this chapter,
17 the administration of the clean water revolving fund and the drinking water
18 revolving fund and the issuance of water quality bonds.
- 19 11. Subject to title 41, chapter 4, article 4, hire a director and
20 staff for the authority.
- 21 12. Contract for the services of outside advisors, attorneys,
22 consultants and aides reasonably necessary or desirable to allow the
23 authority to adequately perform its duties.
- 24 13. Contract and incur obligations as reasonably necessary or desirable
25 within the general scope of authority activities and operations to allow the
26 authority to adequately perform its duties.
- 27 14. Assess financial assistance origination fees and annual fees to
28 cover the reasonable costs of administering the authority and the monies
29 administered by the authority. Any fees collected pursuant to this paragraph
30 constitute governmental revenue and may be used for any purpose consistent
31 with the mission and objectives of the authority.
- 32 15. Perform any function of a fund manager under the CERCLA Brownfields
33 cleanup revolving loan fund program as requested by the department. The
34 board shall perform any action authorized under this article on behalf of the
35 Brownfields cleanup revolving loan fund program established pursuant to
36 chapter 2, article 1.1 of this title at the request of the department. In
37 order to perform these functions, the board shall enter into a written
38 agreement with the department.
- 39 16. Provide grants, staff assistance or technical assistance in the
40 form of loan repayment agreements and other professional assistance to
41 political subdivisions, any county with a population of less than five
42 hundred thousand persons, Indian tribes and community water systems in
43 connection with the development or financing of wastewater, drinking water,
44 water reclamation or related water infrastructure. Assistance provided under
45 a technical assistance loan repayment agreement shall be in a form and under

1 terms determined by the authority and shall be repaid not more than three
2 years after the date that the monies are advanced to the applicant. The
3 provision of technical assistance by the authority does not create any
4 liability for the authority or this state regarding the design, construction
5 or operation of any infrastructure project.

6 17. Provide grants, staff assistance or technical assistance in the
7 form of loan repayment agreements and other professional assistance to water
8 providers in connection with the planning or design of water supply
9 development projects ~~as determined by the committee pursuant to section~~
10 ~~49-1274~~. A single grant shall not exceed one hundred thousand dollars.
11 Assistance provided under a technical assistance loan repayment agreement
12 shall be ~~in a form and under terms determined by the committee and shall be~~
13 repaid not more than three years after the date that the monies are advanced
14 to the applicant. The provision of technical assistance by the authority ~~or~~
15 ~~the committee~~ does not create any liability for the authority, ~~the committee~~
16 or this state regarding the design, construction or operation of any water
17 supply development project.

18 C. The authority, ~~in consultation with the committee,~~ may:—

19 ~~1.~~ adopt rules pursuant to title 41, chapter 6 governing the
20 application for and awarding of water supply development fund project
21 financial assistance under this chapter and the administration of the water
22 supply development revolving fund.

23 ~~2.~~ ~~Appoint a technical advisory subcommittee of not more than five~~
24 ~~persons with expertise in water resource planning and development to advise~~
25 ~~the committee regarding the technical feasibility of water supply development~~
26 ~~projects.~~

27 D. The board shall deposit, pursuant to sections 35-146 and 35-147,
28 any monies received pursuant to subsection B, paragraph 8 of this section in
29 the appropriate fund as prescribed by the grant or other financial assistance
30 agreement.

31 E. Disbursements of monies by the water infrastructure finance
32 authority pursuant to a financial assistance agreement are not subject to
33 title 41, chapter 23.

34 F. For the purposes of the safe drinking water act **AND THE CLEAN WATER**
35 **ACT**, the department of environmental quality is the state agency with primary
36 responsibility for administration of this state's public water system
37 supervision program **AND WATER POLLUTION CONTROL PROGRAM** and, in consultation
38 with other appropriate state agencies **AS APPROPRIATE**, is the lead agency in
39 establishing assistance priorities as prescribed by **SECTION 49-1224,**
40 **SUBSECTION B, PARAGRAPH 3**, section 49-1243, subsection A, paragraph 6 and
41 section 49-1244, subsection B, paragraph 3.

42 G. For the purposes of this section, "CERCLA" has the same meaning
43 prescribed in section 49-201.

1 Sec. 67. Laws 2009, chapter 96, section 17, as amended by Laws 2012,
2 chapter 343, section 18, is amended to read:

3 Sec. 17. Delayed repeal

4 Sections 41-1511, ~~41-1512~~, 43-1083.01, ~~43-1083.03~~, AND 43-1164.01 and
5 ~~43-1164.04~~, Arizona Revised Statutes, are repealed from and after December
6 31, 2020.

7 Sec. 68. Delayed repeal

8 Sections 41-1512, 43-1083.03 and 43-1164.04, Arizona Revised Statutes,
9 as amended by this act, are repealed from and after December 31, 2023.

10 Sec. 69. Department of administration; transfer; office of
11 economic opportunity; lapsing; exemption

12 A. Notwithstanding any other law, on the effective date of this act,
13 the amount of \$568,700, on a prorated basis, and any related appropriation in
14 fiscal year 2016-2017 are transferred from the state general fund operating
15 lump sum appropriation for the department of administration to the office of
16 economic opportunity.

17 B. The transfer made in subsection A of this section is exempt from
18 the provisions of section 35-190, Arizona Revised Statutes, relating to
19 lapsing of appropriations.

20 Sec. 70. Arizona commerce authority; rural counties and
21 municipalities

22 For fiscal year 2016-2017, the Arizona commerce authority shall work
23 with any county with a population of less than two million persons, any
24 municipality located in a county with a population of less than two million
25 persons and any tribal authority to evaluate federal rural and small business
26 economic development grant opportunities.

27 Sec. 71. Transfer of monies

28 All unexpended and unencumbered monies, as of the date of the
29 establishment of the Arizona industrial development authority, remaining in
30 the Arizona international development authority fund established by section
31 41-4505, Arizona Revised Statutes, as repealed by this act, or any bank
32 accounts or funds established pursuant to title 36, chapter 4.2, Arizona
33 Revised Statutes, as repealed by this act, title 41, chapter 37, article 1,
34 Arizona Revised Statutes, as repealed by this act, or title 41, chapter 45,
35 Arizona Revised Statutes, as repealed by this act, are transferred to the
36 Arizona industrial development authority established pursuant to title 35,
37 chapter 5, article 1, Arizona Revised Statutes.

38 Sec. 72. Purpose

39 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,
40 the legislature establishes the office of economic opportunity to facilitate
41 the beneficial economic growth and development of this state and to promote
42 prosperity through development and protection of the legitimate interests of
43 Arizona business, industry and commerce within and outside this state.

1 Sec. 73. Transfer of powers; effect

2 A. All matters, including contracts, obligations, agreements, orders
3 and judicial or quasi-judicial actions, whether completed or pending, of the
4 department of economic security relating to the development of allocation
5 formulas for the distribution of workforce innovation and opportunity act
6 (P.L. 113-128; 128 Stat. 1425) monies, and the Arizona commerce authority and
7 the Arizona department of administration relating to the workforce innovation
8 and opportunity act (P.L. 113-128; 128 Stat. 1425), are transferred, on the
9 effective date of this act, and maintain the same status with the office of
10 economic opportunity.

11 B. Rules adopted by the department of economic security and the
12 Arizona commerce authority for purposes of implementing the workforce
13 innovation and opportunity act (P.L. 113-128; 128 Stat. 1425) are effective
14 until superseded by rules adopted by the office of economic opportunity.

15 C. All personnel, property and records, all data and investigative
16 findings and all monies remaining unspent and unencumbered of the department
17 of economic security and the Arizona commerce authority related to the
18 activities outlined in subsection A of this section are transferred to the
19 office of economic opportunity and may be used for the purposes of this act.

20 Sec. 74. Arizona finance authority; bond volume

21 The Arizona finance authority assumes the administration of the bond
22 volume cap allocation process on the effective date of this act.

23 Sec. 75. Succession

24 A. As provided by this act, the Arizona industrial development
25 authority established pursuant to title 35, chapter 5, article 1, Arizona
26 Revised Statutes, succeeds to the authority, powers, duties and
27 responsibilities of the Arizona health facilities authority, the Arizona
28 housing finance authority and the Arizona international development
29 authority.

30 B. This act does not alter the effect of any actions that were taken
31 or impair the valid obligations of the Arizona health facilities authority,
32 the Arizona housing finance authority and the Arizona international
33 development authority in existence before the effective date of this act.

34 C. Administrative rules and orders that were adopted by the Arizona
35 health facilities authority, the Arizona housing finance authority and the
36 Arizona international development authority continue in effect until
37 superseded by administrative action by the Arizona industrial development
38 authority established pursuant to title 35, chapter 5, article 1, Arizona
39 Revised Statutes.

40 D. All administrative matters, contracts and judicial and
41 quasi-judicial actions, whether completed, pending or in process, of the
42 Arizona health facilities authority, the Arizona housing finance authority
43 and the Arizona international development authority on the effective date of
44 this act are transferred to and retain the same status with the Arizona

1 industrial development authority established pursuant to title 35, chapter 5,
2 article 1, Arizona Revised Statutes.

3 E. All certificates, licenses, registrations, permits and other
4 indicia of qualification and authority that were issued by the Arizona health
5 facilities authority, the Arizona housing finance authority and the Arizona
6 international development authority retain their validity for the duration of
7 their terms of validity as provided by law.

8 F. All equipment, records, furnishings and other property, all data
9 and investigative findings, obligations and all appropriated monies that
10 remain unexpended and unencumbered on the effective date of this act of the
11 Arizona health facilities authority, the Arizona housing finance authority
12 and the Arizona international development authority are transferred to the
13 Arizona industrial development authority established pursuant to title 35,
14 chapter 5, article 1, Arizona Revised Statutes. The director of the
15 department of administration shall determine and allocate the transfer,
16 consistent with the provisions of this act.

17 G. All personnel who are employed by the Arizona health facilities
18 authority and the employee who is employed by the Arizona department of
19 housing and who is directly supporting the Arizona housing finance authority
20 are transferred to the Arizona industrial development authority established
21 pursuant to title 35, chapter 5, article 1, Arizona Revised Statutes, on the
22 effective date of this act. These employees remain members of the Arizona
23 state retirement system until their termination of employment at the Arizona
24 industrial development authority.

25 Sec. 76. Exemption from rulemaking

26 For the purposes of this act, the office of economic opportunity and
27 the Arizona finance authority are exempt from the rulemaking requirements of
28 title 41, chapter 6, Arizona Revised Statutes, for one year after the
29 effective date of this act.

30 Sec. 77. Emergency

31 This act is an emergency measure that is necessary to preserve the
32 public peace, health or safety and is operative immediately as provided by
33 law.