



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature
First Regular Session

HB 2891: budget procedures; budget reconciliation; 2021-2022.

Sponsor: Representative Cobb, LD 5

Committee on Appropriations

Overview

Contains budget reconciliation provisions relating to Budget Procedures needed for implementing the FY 2022 budget.

History

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#), Constitution of Arizona, requires the *General Appropriations Act* (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate bills known as *Budget Reconciliation Bills* (BRBs). These BRBs are prepared according to subject area.

Provisions

Department of Gaming

1. Requires, by January 1, 2023, the Department of Gaming to convert dog racing permits to harness racing permits if the dog racing permittee meets all necessary qualifications for a harness racing permit. (Sec. 1)
2. Deposits 90% of the monies from the Event Wagering Fund into the state General Fund (GF) on a monthly basis. (Sec. 2)

Department of Forestry and Fire Management (DFFM)

3. Stipulates that liabilities in excess of \$200,000 incurred by DFFM may be reimbursed upon approval of the Governor or the State Emergency Council. (Sec. 3)
4. Requires any reimbursements to be made according to administrative rules adopted by the State Forester or the Department of Emergency and Military Affairs. (Sec. 3)

Public Safety Personnel Retirement System (PSPRS)

5. Changes the PSPRS Board of Trustees (PSPRS Board) annual submittal date for the following reports from December 31 to December 1:
 - a) A report to the Governor and Legislature on the Election Officials' Retirement Plan contribution rate for the ensuing FY;
 - b) A report to the Governor, Legislature and Joint Legislative Budget Committee (JLBC) on the status of the Election Officials' Defined Contribution Retirement System (EODC);
 - c) A report to the Governor and Legislature on the operation and investment performance of the EODC Disability Program that includes the contribution rate for the ensuing FY;
 - d) A report to the Governor and Legislature on the PSPRS contribution rate for the ensuing FY;

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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- e) A report to the Legislature and JLBC on PSPRS' shared cost structure of employees and employers, its funding status and rate of return;
 - f) A report to the Governor, Legislature and JLBC on the status of the PSPRS Defined Contribution Plan; and
 - g) A report to the Governor and Legislature on the Corrections Officer Retirement Plan contribution rate for the ensuing FY. (Sec. 4-8,11,12)
6. Eliminates the state procurement code exemption for PSPRS. (Sec. 7, 23)
 7. Permits the PSPRS Board to enter into contracts to receive market data and other pertinent information from securities, commodities, options and monetary changes. (Sec. 9)

PSPRS Administration Account (Account)

8. Directs the PSPRS Board to establish and administer an Account consisting of all monies for administrative purposes for all retirement plans and systems it administers. (Sec. 10)
9. Delineates the source and purposes of monies deposited into the Account. (Sec. 10)
10. Subject to legislative appropriation, expenditures from the Account must be made according to directives by the PSPRS Board. (Sec. 10)
11. Enables the administrator, subject to PSPRS Board approval, to spend Account monies on staff, expenses, consulting fees, legal counsel and continuing education programs. (Sec. 10)
12. Requires expenditures for investment management fees, actuarial consulting fees and rent to be continuously appropriated and paid as deemed necessary by the PSPRS Board. (Sec. 10)
13. Contains a delayed effective date of July 1, 2022. (Sec. 35)

Secretary of State (SOS)

14. Exempts from the state procurement code purchases and contracts for goods and services in the amount of \$150,000 or less entered into by the State Library Archives and Public Records. (Sec. 13)
15. Transfers oversight and authority of the State Capitol Museum (State Museum) and Museum Gift Shop Revolving Fund from the SOS to the Director of Legislative Council. (Sec. 17,18)

SOS Session Law Provisions

16. States that Legislative Council succeeds to the authority, powers, duties and responsibilities of the SOS regarding the State Museum. (Sec. 32)
17. Specifies that the provisions do not alter the effect of any actions taken or impair the valid obligations of the SOS regarding the State Museum before the effective date. (Sec. 32)
18. Transfers, from the SOS to Legislative Council regarding the State Museum:
 - a) All administrative matters, contracts, judicial and quasi-judicial actions and their status;
 - b) Validity of all certificates, licenses, registrations, permits and other indicia of qualification and authority issued by the SOS;
 - c) All equipment, records, furnishings, property, data, investigative findings, obligations and monies that remain unexpended and unencumbered; and
 - d) All personnel employed by the SOS to comparable positions in the respective administrative units of Legislative Council. (Sec. 32)
19. Declares that the Legislature reaffirms that the legal defense of Arizona election laws and procedures are of statewide concern and that the AG has the sole authority to defend such laws. (Sec. 24)
20. Clarifies the legislative intent, through January 2, 2023, is that the AG has sole authority in all election-related litigation. (Sec. 24)

21. Declares that the AG cannot represent or provide legal advice to the SOS or the Department of State on any matters through June 30, 2023. (Sec. 24)
22. Allows the SOS to hire one full-time equivalent position to serve as legal advisor to represent them. (Sec. 24)
23. Prohibits the SOS from spending or incurring indebtedness to employ outside or private attorneys to provide representation or services. (Sec. 24)

Automation Projects Fund (APF)

24. Requires all unexpended and unencumbered monies remaining in an APF subaccount to revert to the fund of origin on completion of an automation and information technology project. (Sec. 14)
25. Requires the Arizona Department of Administration (ADOA) to submit an annual report to JLBC on each reversion made in the prior FY by September 1. (Sec. 14)

Governor Regulatory Review Council (GRRC)

26. Allows GRRC to initiate a review if it receives information that the agency practice, policy statement or final rule does not meet statutory requirements in addition to current law that requires a petition to be submitted. (Sec. 15)

JLBC

27. Modifies the JLBC reporting requirement for state debt and obligations (Report) to include information for the upcoming FY instead of the prior FY. (Sec. 16)
28. Eliminates the requirement that the Report be based on data available from ADOA's searchable database on incurred debt and a link to the database be posted on JLBC's website. (Sec. 16)

Arizona Commerce Authority (ACA)

29. Establishes the Major Events Fund (Fund) administered by the ACA and consisting of monies appropriated to the fund by the Legislature and private donations. (Sec. 20)
30. Stipulates that monies in the Fund are continuously appropriated and exempt from lapsing. (Sec. 20)
31. Outlines use of monies for major events as follows:
 - a) To support the competitive bid process by planning and operating in coordination with the Arizona Office of Tourism (AOT), marketing, organization and local organizing committees;
 - b) To negotiate and award grants to local organizing committees for operating costs; and
 - c) To assist with other economic development activities. (Sec. 20)
32. Prohibits monies from supplanting routine operating costs of political subdivisions. (Sec. 20)
33. States that grants for events cannot exceed 25% of operating costs required under a contract between the host organization and local organizing committee. (Sec. 20)
34. Specifies that prior to awarding a grant, the ACA must prepare a written statement that assesses the direct economic impact and a finding that the award is in the best interest of the state. (Sec. 20)
35. Requires the ACA to submit semiannual reports, by July 15 and December 15, to JLBC that outlines expenditures and a plan for all remaining monies by purpose. (Sec. 20)

State Permitting Dashboard

36. Establishes laws governing the State Permitting Dashboard. (Sec. 21)

37. Instructs the Governor to appoint a state permitting director (Director). (Sec. 21)
38. Requires the Director to establish and maintain an online database, known as the permitting dashboard, that displays the progress to completion for state authorizations for participating projects. (Sec. 21)
39. Requires the Director, at the request of the JLBC chairperson, to appear before JLBC to report on the findings from administering the permitting dashboard. (Sec. 21)
40. Authorizes a project sponsor of an *eligible project* to submit a notice to the Director that the project sponsor is initiating a proposed project. (Sec. 21)
 - a) Outlines the content of the notice.
41. Mandates that the Director determine whether the proposed project qualifies as an eligible project and whether to include it as a participating project, no later than 30 days after receiving the notice. (Sec. 21)
42. Requires each agency identified by the project sponsor to submit all authorizations for each project, no later than 45 days after the determination date, including both:
 - a) The steps required by the agency and project sponsor to complete each authorization; and
 - b) The target completion time for each step. (Sec. 21)
43. Directs an agency to provide the Director with a written statement of cause for an additional authorization if an agency requires an authorization for completion of a participating project that was not submitted. (Sec. 21)
44. Specifies that each identified agency must submit any decision made that materially affects the status of a participating project and any significant document associated with the decision. (Sec. 21)
45. Prohibits an agency from requiring an eligible project to participate in the permitting dashboard. (Sec. 21)
46. States that the permitting dashboard must include a visual interface that tracks the status of each authorization required for participating projects. (Sec. 21)
47. Instructs the Director to coordinate with the following for authorizations for a participating project:
 - a) Department of Environmental Quality;
 - b) Department of Transportation;
 - c) State Land Department;
 - d) Department of Water Resources;
 - e) Arizona Commerce Authority;
 - f) Arizona Game and Fish Department; and
 - g) State Historic Preservation Office. (Sec. 21)
48. Outlines certain information that the Director may display on the dashboard. (Sec. 21)
49. Stipulates that each agency must carry out its obligations with respect to a participating project in conjunction with other authorizations being conducted by other agencies or local governments, unless the agency determines that doing so would impair its ability to carry out the agency's statutory obligations. (Sec. 21)
50. States that the Director must mediate any dispute related to the permitting timetable in consultation with the relevant agency and project sponsor. (Sec. 21)

51. Mandates that the Director notify GRRC if no resolution is reached and review the dispute with the Directors of the relevant agency. (Sec. 21)
52. Directs GRRC to recommend a course of action, within 30 days after notification of the dispute, to the Director and allows the director to require agency action to resolve the dispute. (Sec. 21)
53. Instructs the Director, by December 1, 2023, to submit a report of findings from administering the permitting dashboard that includes specified items to the Governor, Legislature and SOS. (Sec. 33)
54. Defines pertinent terms. (Sec. 21)
55. Stipulates that the position of the Director does not result in an additional full-time equivalent (FTE) position and is included in the FTE positions in the Governor's Office. (Sec. 34)
56. Sunsets the State Permitting dashboard on January 1, 2029. (Sec. 22)

Advisory Committee on the Formation of a Southern Arizona Regional Sports Authority (Advisory Committee)

57. Establishes a 13-member Advisory Committee consisting of legislators and public members knowledgeable about regional sports authority, economic development and other pertinent issues relating to the development of a regional sports authority. (Sec. 29)
58. Requires the Committee to research and report on the economic development, fiscal and related impacts of the formation of a southern Arizona regional sports authority. (Sec. 29)
59. Directs the Senate President and Speaker to each designate one appointed legislative member to serve as co-chairpersons of the Committee and permits the Committee to meet at any place deemed necessary or convenient by the co-chairpersons. (Sec. 29)
60. Allows the Committee, in consultation with AOT to employ a private group or professional to study the economic development, fiscal and other issues resulting from the development of a regional sports authority. (Sec. 29)
61. Directs any state agency or political subdivision, upon request, to provide the Committee with services, equipment, documents, personnel and facilities to the extent possible without costs. (Sec. 29)
62. Requires the Committee, by June 30, 2022, to submit a report of its findings and recommendations to the Governor, Legislature and a copy to the SOS. (Sec. 29)
63. Repeals the Committee on October 1, 2023. (Sec. 28)

Miscellaneous Session Law

64. Stipulates that any unrestricted federal monies received beginning July 1, 2021 through June 30, 2022 be deposited in the state GF to pay essential governmental services. (Sec. 25)
65. Specifies the Capital Outlay Stabilization Fund rental rates for state-owned buildings in FY 2022 are \$17.87 per square foot for office space and \$6.43 per square foot for storage space. (Sec. 26)
66. Allows ADOA to approve agency rent exemptions in FY 2022 without recommendation from the Joint Committee on Capital Review. (Sec. 26)
67. Requires ADOA to report to JLBC on each proposed agency rent exemption before approving the exemption. (Sec. 26)
68. Specifies that the Legislature is not required to appropriate monies or transfer monies from the Budget Stabilization Fund in FY 2022 through FY 2024. (Sec. 27)

69. Stipulates that before spending more than \$10,000,000 from the American Rescue Plan Act the listed entities must provide notification on intended use each calendar quarter through June 30, 2024 and provide semi-annual reports to the Legislature and JLBC Director on the following:
 - a) The Governor's Office - actual expenditures from the Coronavirus State Fiscal Recovery Fund, the Coronavirus Capital Projects Fund;
 - b) The Superintendent of Public Instruction - actual expenditures from the Elementary and Secondary School Emergency Fund; and
 - c) The Arizona Board of Regents - actual expenditures from the Higher Education Emergency Relief Fund. (Sec. 28)
70. Requires the aforementioned reports to delineate expenditures by agency, program and purpose. (Sec. 28)
71. States that the Legislature intends that the executive branch of state government report on its planned and actual use of any major additional federal aid to the state through federal legislation enacted by the end of FY 2022 and that these reports be submitted semiannually. (Sec. 28)
72. Allows the chair and vice-chair of JLBC to provide recommendations to the executive branch concerning any additional federal legislation. (Sec. 28)
73. Stipulates that the appropriation to the Department of Public Safety for body cameras is exempt from review and approval by the information technology authorization committee, independent third-party verification and project investment justification reporting requirements. (Sec. 30)
74. Exempts the Department of Liquor Licenses and Control from rulemaking requirements for the purpose of adopting rules regulating mixed cocktails and off-sale privilege permits and leases as enacted by [House Bill 2773](#). (Sec. 31)
75. Makes technical and conforming changes. (Sec. 2,6,8,10,12-15,17-19, 36)