

REFERENCE TITLE: appropriation; debt; repayment; defeasance

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SB 1091

Introduced by
Senators Livingston: Gowan, Leach

AN ACT

AMENDING SECTION 15-1670, ARIZONA REVISED STATUTES; APPROPRIATING MONIES;
RELATING TO PUBLIC DEBT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-1670, Arizona Revised Statutes, is amended to
3 read:

4 15-1670. Appropriations for university research
5 infrastructure facilities; university transfers;
6 annual report; definitions

7 A. In fiscal years 2017-2018 through ~~2030-2031~~ 2021-2022, the
8 following sums are appropriated from the state general fund to Arizona
9 state university for lease-purchase capital financing for research
10 infrastructure projects:

- 11 1. In fiscal year 2017-2018, \$13,481,000.
- 12 2. In fiscal year 2018-2019, \$13,478,700.
- 13 3. In fiscal year 2019-2020, \$13,456,300.
- 14 4. In fiscal year 2020-2021, \$13,458,700.
- 15 5. In fiscal year 2021-2022, ~~\$13,451,900~~ 8,342,200.
- 16 ~~6. In fiscal year 2022-2023, \$13,462,100.~~
- 17 ~~7. In fiscal year 2023-2024, \$13,468,200.~~
- 18 ~~8. In fiscal year 2024-2025, \$13,459,300.~~
- 19 ~~9. In fiscal year 2025-2026, \$13,453,900.~~
- 20 ~~10. In fiscal year 2026-2027, \$13,450,100.~~
- 21 ~~11. In fiscal year 2027-2028, \$13,436,200.~~
- 22 ~~12. In fiscal year 2028-2029, \$13,430,800.~~
- 23 ~~13. In fiscal year 2029-2030, \$13,423,500.~~
- 24 ~~14. In fiscal year 2030-2031, \$13,428,800.~~

25 B. In fiscal years 2017-2018 through ~~2030-2031~~ 2021-2022, the
26 following sums are appropriated from the state general fund to the
27 university of Arizona for lease-purchase capital financing for research
28 infrastructure projects:

- 29 1. In fiscal year 2017-2018, \$14,249,300.
- 30 2. In fiscal year 2018-2019, \$14,251,000.
- 31 3. In fiscal year 2019-2020, \$14,250,200.
- 32 4. In fiscal year 2020-2021, \$14,251,500.
- 33 5. In fiscal year 2021-2022, ~~\$14,248,900~~ 8,836,500.
- 34 ~~6. In fiscal year 2022-2023, \$14,252,500.~~
- 35 ~~7. In fiscal year 2023-2024, \$14,255,300.~~
- 36 ~~8. In fiscal year 2024-2025, \$14,247,300.~~
- 37 ~~9. In fiscal year 2025-2026, \$14,248,400.~~
- 38 ~~10. In fiscal year 2026-2027, \$14,251,300.~~
- 39 ~~11. In fiscal year 2027-2028, \$14,254,100.~~
- 40 ~~12. In fiscal year 2028-2029, \$14,251,500.~~
- 41 ~~13. In fiscal year 2029-2030, \$14,252,500.~~
- 42 ~~14. In fiscal year 2030-2031, \$14,255,800.~~

1 C. In fiscal years 2017-2018 through ~~2030-2031~~ 2021-2022, the
2 following sums are appropriated from the state general fund to northern
3 Arizona university for lease-purchase capital financing for research
4 infrastructure projects:

- 5 1. In fiscal year 2017-2018, \$5,896,500.
- 6 2. In fiscal year 2018-2019, \$5,896,200.
- 7 3. In fiscal year 2019-2020, \$5,899,500.
- 8 4. In fiscal year 2020-2021, \$4,879,500.
- 9 5. In fiscal year 2021-2022, ~~\$5,039,800~~ 3,125,500.
- 10 ~~6. In fiscal year 2022-2023, \$5,301,500.~~
- 11 ~~7. In fiscal year 2023-2024, \$5,302,900.~~
- 12 ~~8. In fiscal year 2024-2025, \$4,885,500.~~
- 13 ~~9. In fiscal year 2025-2026, \$4,884,500.~~
- 14 ~~10. In fiscal year 2026-2027, \$4,884,300.~~
- 15 ~~11. In fiscal year 2027-2028, \$4,894,000.~~
- 16 ~~12. In fiscal year 2028-2029, \$4,888,400.~~
- 17 ~~13. In fiscal year 2029-2030, \$4,892,000.~~
- 18 ~~14. In fiscal year 2030-2031, \$4,889,300.~~

19 D. Lease-purchase financing agreements under subsections A, B and C
20 of this section:

- 21 1. Must be entered into before July 1, 2006.
- 22 2. Are subject to the requirements of section 15-1682.01.

23 E. The appropriations under subsections A, B and C of this section
24 constitute continuing year-to-year appropriations but do not constitute an
25 obligation of the legislature or this state to continue the appropriation
26 in any fiscal year. The annual appropriation is a current expense of this
27 state in the fiscal year in which it occurs and is not a general
28 obligation indebtedness of this state or of any university. If the
29 appropriation is discontinued in any fiscal year, this state and the
30 university are relieved of any subsequent obligation pursuant to this
31 section.

32 F. Beginning in fiscal year 2018-2019 and in each subsequent fiscal
33 year for which an appropriation is made pursuant to subsections A, B and C
34 of this section, for each individual licensure agreement, royalty
35 agreement or agreement for the sale or transfer of intellectual property
36 developed by a university that is entered into by the university or a
37 component unit of the university and for which the net income for the
38 individual agreement reaches \$1,000,000 over its cumulative lifetime, each
39 university shall transfer to the state treasurer not later than October 1
40 following the close of the fiscal year an amount equal to twenty percent
41 of the cumulative net income exceeding the \$1,000,000 threshold minus
42 amounts deposited in previous years. The state treasurer shall deposit
43 the monies received from the universities pursuant to this subsection in
44 the financial aid trust fund established pursuant to section 15-1642.

1 G. When calculating the cumulative net income pursuant to
2 subsection F of this section, the university may not reduce its required
3 deposits from any agreements due to net income or expenses associated with
4 other projects.

5 H. The amount transferred to the state treasurer in each fiscal
6 year by each university pursuant to subsection F of this section shall not
7 exceed the amount appropriated in that fiscal year under subsection A, B
8 or C of this section and section 15-1671, subsections B and C,
9 respectively.

10 I. On or before October 1 of each year, each university shall
11 report to the joint legislative budget committee the total amount of
12 income and the total amount of net income the university received in the
13 preceding fiscal year from each category of income that is subject to
14 deposit pursuant to subsection F of this section.

15 J. For the purposes of this section:

16 1. "Component unit of the university":

17 (a) Means an entity that is legally separate from, but related to,
18 the university and whose primary purpose is to support the university.

19 (b) Includes a university foundation and an entity that contracts
20 with the university to manage technology transfer activities.

21 2. "Net income" means payments received from individual licensure
22 and royalty agreements and the sale or transfer of intellectual property
23 developed by the university, net of expenses related to individual
24 agreements. For the purposes of this paragraph, "expenses related to
25 individual agreements" includes any of the following:

26 (a) Revenue shares paid to inventors and inventors' laboratories in
27 support of their research activities.

28 (b) Expenses related to pursuing, maintaining or protecting
29 intellectual property.

30 (c) Expenses related to commercializing, licensing or litigating
31 intellectual property.

32 (d) Contractually required distributions to third parties.

33 (e) Reimbursement holds related to future contractual
34 reimbursements.

35 (f) Operational management fees.

36 3. "Research infrastructure" means installations and facilities for
37 continuance and growth of scientific and technological research activities
38 at the university.

39 Sec. 2. Supplemental appropriation; department of
40 administration; financing agreements; notification;
41 exemption

42 A. In addition to any other appropriations made in fiscal year
43 2021-2022, the sum of \$361,600,000 is appropriated from the state general
44 fund in fiscal year 2021-2022 to the department of administration to pay
45 for the retirement or defeasance of financing agreements. Of this amount:

1 1. \$91,100,000 is for the retirement or defeasance of the financing
2 agreements entered into pursuant to Laws 2007, chapter 257, section 8 and
3 Laws 2007, chapter 261, section 9.

4 2. \$270,500,000 is for the retirement or defeasance of the
5 lease-purchase capital financing agreements entered into pursuant to
6 section 15-1670, Arizona Revised Statutes, as amended by this act.

7 B. The director of the department of administration, for and on
8 behalf of the Arizona board of regents, may execute and deliver documents,
9 engage fiduciaries and take or direct all actions necessary in connection
10 with the retirement and defeasance of the lease-purchase capital financing
11 agreements described in subsection A, paragraph 2 of this section.

12 C. The director of the department of administration shall notify
13 the director of the joint legislative budget committee not more than ten
14 days after each retirement or defeasance is executed as required in
15 subsection A of this section. Each notification shall include the date
16 and final cost of each retirement or defeasance.

17 D. The monies appropriated in subsection A of this section are
18 exempt from the provisions of section 35-190, Arizona Revised Statutes,
19 relating to the lapsing of appropriations. Any amounts remaining after the
20 retirements or defeasances are executed as required by subsection A of
21 this section revert to the state general fund.