

Senate Engrossed

appropriation; debt; repayment; defeasance

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

# SENATE BILL 1091

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.
- 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.
- 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.

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 \$93,500,000 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 the financing agreements entered into

1 pursuant to Laws 2007, chapter 257, section 8 and Laws 2007, chapter 261,  
2 section 9.

3 B. The director of the department of administration shall notify  
4 the director of the joint legislative budget committee not more than ten  
5 days after each retirement or defeasance is executed as required in  
6 subsection A of this section. Each notification shall include the date  
7 and final cost of each retirement or defeasance.

8 C. The monies appropriated in subsection A of this section are  
9 exempt from the provisions of section 35-190, Arizona Revised Statutes,  
10 relating to the lapsing of appropriations. Any amounts remaining after the  
11 retirements or defeasances are executed as required by subsection A of  
12 this section revert to the state general fund.

13 Sec. 3. Supplemental appropriation; Arizona board of regents;  
14 financing agreements; notification; exemption

15 A. In addition to any other appropriations made in fiscal year  
16 2021-2022, the sum of \$273,500,000 is appropriated from the state general  
17 fund in fiscal year 2021-2022 to the Arizona board of regents for and on  
18 behalf of each state university to pay for the retirement or defeasance of  
19 the lease-purchase capital financing agreements entered into pursuant to  
20 section 15-1670, Arizona Revised Statutes, as amended by this act.

21 B. The executive director of the Arizona board of regents shall  
22 notify the director of the joint legislative budget committee not more  
23 than ten days after each retirement or defeasance is executed as required  
24 in subsection A of this section. Each notification shall include the date  
25 and final cost of each retirement or defeasance.

26 C. The monies appropriated in subsection A of this section are  
27 exempt from the provisions of section 35-190, Arizona Revised Statutes,  
28 relating to the lapsing of appropriations. Any amounts remaining after  
29 the retirements or defeasances are executed as required by subsection A of  
30 this section revert to the state general fund.