Senate Engrossed House Bill

department of environmental quality; omnibus

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HOUSE BILL 2628

AN ACT

AMENDING SECTIONS 42-5075 AND 44-1304, ARIZONA REVISED STATUTES; REPEALING SECTION 49-257, ARIZONA REVISED STATUTES; AMENDING SECTIONS 49-355 AND 49-360, ARIZONA REVISED STATUTES; AMENDING SECTION 49-542, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 27, SECTION 3 AND CHAPTER 116, SECTION 1; AMENDING SECTIONS 49-701, 49-766 AND 49-891, ARIZONA REVISED STATUTES; RELATING TO THE DEPARTMENT OF ENVIRONMENTAL QUALITY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 42-5075, Arizona Revised Statutes, is amended to read:

42-5075. Prime contracting classification; exemptions; definitions

A. The prime contracting classification is comprised of the business of prime contracting and the business of manufactured building dealer. Sales for resale to another manufactured building dealer are not subject to tax. Sales for resale do not include sales to a lessor of manufactured buildings. The sale of a used manufactured building is not taxable under this chapter. The prime contracting classification does not include any work or operation performed by a person that is not required to be licensed by the registrar of contractors pursuant to section 32-1121.

B. The tax base for the prime contracting classification is sixty-five percent of the gross proceeds of sales or gross income derived from the business. The following amounts shall be deducted from the gross proceeds of sales or gross income before computing the tax base:

1. The sales price of land, which shall not exceed the fair market value.

2. Sales and installation of groundwater measuring devices required under section 45-604 and groundwater monitoring wells required by law, including monitoring wells installed for acquiring information for a permit required by law.

3. The sales price of furniture, furnishings, fixtures, appliances and attachments that are not incorporated as component parts of or attached to a manufactured building or the setup site. The sale of such items may be subject to the taxes imposed by article 1 of this chapter separately and distinctly from the sale of the manufactured building.

4. The gross proceeds of sales or gross income received from a contract entered into for the modification of any building, highway, road, railroad, excavation, manufactured building or other structure, project, development or improvement located in a military reuse zone for providing aviation or aerospace services or for a manufacturer, assembler or fabricator of aviation or aerospace products within an active military reuse zone after the zone is initially established or renewed under section 41-1531. To be eligible to qualify for this deduction, before beginning work under the contract, the prime contractor must have applied for a letter of qualification from the department of revenue.

5. The gross proceeds of sales or gross income derived from a contract to construct a qualified environmental technology manufacturing, producing or processing facility, as described in section 41-1514.02, and from subsequent construction and installation contracts that begin within ten years after the start of initial construction. To qualify for this deduction, before beginning work under the contract, the prime contractor

must obtain a letter of qualification from the department of revenue. This paragraph shall apply for ten full consecutive calendar or fiscal years after the start of initial construction.

6. The gross proceeds of sales or gross income from a contract to provide for one or more of the following actions, or a contract for site preparation, constructing, furnishing or installing machinery, equipment or other tangible personal property, including structures necessary to protect exempt incorporated materials or installed machinery or equipment, and tangible personal property incorporated into the project, to perform one or more of the following actions in response to a release or suspected release of a hazardous substance, pollutant or contaminant from a facility to the environment, unless the release was authorized by a permit issued by a governmental authority:

(a) Actions to monitor, assess and evaluate such a release or a suspected release.

(b) Excavation, removal and transportation of contaminated soil and its treatment or disposal.

(c) Treatment of contaminated soil by vapor extraction, chemical or physical stabilization, soil washing or biological treatment to reduce the concentration, toxicity or mobility of a contaminant.

(d) Pumping and treatment or in situ treatment of contaminated groundwater or surface water to reduce the concentration or toxicity of a contaminant.

(e) The installation of structures, such as cutoff walls or caps, to contain contaminants present in groundwater or soil and prevent them from reaching a location where they could threaten human health or welfare or the environment.

This paragraph does not include asbestos removal or the construction or use of ancillary structures such as maintenance sheds, offices or storage facilities for unattached equipment, pollution control equipment, facilities or other control items required or to be used by a person to prevent or control contamination before it reaches the environment.

7. The gross proceeds of sales or gross income that is derived from a contract for the installation, assembly, repair or maintenance of machinery, equipment or other tangible personal property that is either deducted from the tax base of the retail classification under section 42-5061, subsection B or that is exempt from use tax under section 42-5159, subsection B and that has independent functional utility, pursuant to the following provisions:

(a) The deduction provided in this paragraph includes the gross proceeds of sales or gross income derived from all of the following:

(i) Any activity performed on machinery, equipment or other tangible personal property with independent functional utility.

(ii) Any activity performed on any tangible personal property relating to machinery, equipment or other tangible personal property with

independent functional utility in furtherance of any of the purposes provided for under subdivision (d) of this paragraph.

(iii) Any activity that is related to the activities described in items (i) and (ii) of this subdivision, including inspecting the installation of or testing the machinery, equipment or other tangible personal property.

(b) The deduction provided in this paragraph does not include gross proceeds of sales or gross income from the portion of any contracting activity that consists of the development of, or modification to, real property in order to facilitate the installation, assembly, repair, maintenance or removal of machinery, equipment or other tangible personal property that is either deducted from the tax base of the retail classification under section 42-5061, subsection B or exempt from use tax under section 42-5159, subsection B.

(c) The deduction provided in this paragraph shall be determined without regard to the size or useful life of the machinery, equipment or other tangible personal property.

(d) For the purposes of this paragraph, "independent functional utility" means that the machinery, equipment or other tangible personal property can independently perform its function without attachment to real property, other than attachment for any of the following purposes:

(i) Assembling the machinery, equipment or other tangible personal property.

(ii) Connecting items of machinery, equipment or other tangible personal property to each other.

(iii) Connecting the machinery, equipment or other tangible personal property, whether as an individual item or as a system of items, to water, power, gas, communication or other services.

(iv) Stabilizing or protecting the machinery, equipment or other tangible personal property during operation by bolting, burying or performing other similar nonpermanent connections to either real property or real property improvements.

8. The gross proceeds of sales or gross income attributable to the purchase of machinery, equipment or other tangible personal property that is exempt from or deductible from transaction privilege and use tax under:

(a) Section 42-5061, subsection A, paragraph 25, 29 or 58.

(b) Section 42-5061, subsection B.

(c) Section 42-5159, subsection A, paragraph 13, subdivision (a), (b), (c), (d), (e), (f), (j), (k), (m) or (n) or paragraph 55.

(d) Section 42-5159, subsection B.

9. The gross proceeds of sales or gross income received from a contract for the construction of an environmentally controlled facility for the raising of poultry for the production of eggs and the sorting, cooling and packaging of eggs.

10. The gross proceeds of sales or gross income that is derived from a contract entered into with a person who is engaged in the commercial production of livestock, livestock products or agricultural, horticultural, viticultural or floricultural crops or products in this state for the modification of any building, highway, road, excavation, manufactured building or other structure, project, development or improvement used directly and primarily to prevent, monitor, control or reduce air, water or land pollution.

11. The gross proceeds of sales or gross income that is derived from the installation, assembly, repair or maintenance of clean rooms that are deducted from the tax base of the retail classification pursuant to section 42-5061, subsection B, paragraph 17.

12. For taxable periods beginning from and after June 30, 2001, the gross proceeds of sales or gross income derived from a contract entered into for the construction of a residential apartment housing facility that qualifies for a federal housing subsidy for low-income persons over sixty-two years of age and that is owned by a nonprofit charitable organization that has qualified under section 501(c)(3) of the internal revenue code.

13. For taxable periods beginning from and after December 31, 1996 and ending before January 1, 2017, the gross proceeds of sales or gross income derived from a contract to provide and install a solar energy device. The contractor shall register with the department as a solar energy contractor. By registering, the contractor acknowledges that it will make its books and records relating to sales of solar energy devices available to the department for examination.

14. The gross proceeds of sales or gross income derived from a contract entered into for the construction of a launch site, as defined in 14 Code of Federal Regulations section 401.5.

15. The gross proceeds of sales or gross income derived from a contract entered into for the construction of a domestic violence shelter that is owned and operated by a nonprofit charitable organization that has qualified under section 501(c)(3) of the internal revenue code.

16. The gross proceeds of sales or gross income derived from contracts to perform postconstruction treatment of real property for termite and general pest control, including wood-destroying organisms.

17. The gross proceeds of sales or gross income received from contracts entered into before July 1, 2006 for constructing a state university research infrastructure project if the project has been reviewed by the joint committee on capital review before the university enters into the construction contract for the project. For the purposes of this paragraph, "research infrastructure" has the same meaning prescribed in section 15-1670.

18. The gross proceeds of sales or gross income received from a contract for the construction of any building, or other structure,

project, development or improvement owned by a qualified business under section 41-1516 for harvesting or processing qualifying forest products removed from qualifying projects as defined in section 41-1516 if actual construction begins before January 1, 2024. To qualify for this deduction, the prime contractor must obtain a letter of qualification from the Arizona commerce authority before beginning work under the contract.

19. Any amount of the gross proceeds of sales or gross income attributable to development fees that are incurred in relation to a contract for construction, development or improvement of real property and that are paid by a prime contractor or subcontractor. For the purposes of this paragraph:

(a) The attributable amount shall not exceed the value of the development fees actually imposed.

(b) The attributable amount is equal to the total amount of development fees paid by the prime contractor or subcontractor, and the total development fees credited in exchange for the construction of, contribution to or dedication of real property for providing public infrastructure, public safety or other public services necessary to the development. The real property must be the subject of the development fees.

(c) "Development fees" means fees imposed to offset capital costs of providing public infrastructure, public safety or other public services to a development and authorized pursuant to section 9-463.05, section 11-1102 or title 48 regardless of the jurisdiction to which the fees are paid.

20. The gross proceeds of sales or gross income derived from a contract entered into for the construction of a mixed waste processing facility that is located on a municipal solid waste landfill and that is constructed for the purpose of recycling solid waste or producing renewable energy from landfill waste. For the purposes of this paragraph:

(a) "Mixed waste processing facility" means a solid waste facility that is owned, operated or used for the treatment, processing or disposal of solid waste, recyclable solid waste, ~~conditionally exempt~~ VERY small quantity generator waste or household hazardous waste. For the purposes of this subdivision, "~~conditionally exempt~~ VERY small quantity generator waste", "household hazardous waste" and "solid waste facility" have the same meanings prescribed in section 49-701, except that solid waste facility does include a site that stores, treats or processes paper, glass, wood, cardboard, household textiles, scrap metal, plastic, vegetative waste, aluminum, steel or other recyclable material.

(b) "Municipal solid waste landfill" has the same meaning prescribed in section 49-701.

(c) "Recycling" means collecting, separating, cleansing, treating and reconstituting recyclable solid waste that would otherwise become solid waste, but does not include incineration or other similar processes.

(d) "Renewable energy" means usable energy, including electricity, fuels, gas and heat, produced through the conversion of energy provided by sunlight, water, wind, geothermal, heat, biomass, biogas, landfill gas or ~~other~~ ANOTHER nonfossil renewable resource.

21. The gross proceeds of sales or gross income derived from a contract to install containment structures. For the purposes of this paragraph, "containment structure" means a structure that prevents, monitors, controls or reduces noxious or harmful discharge into the environment.

C. Entitlement to the deduction pursuant to subsection B, paragraph 7 of this section is subject to the following provisions:

1. A prime contractor may establish entitlement to the deduction by both:

(a) Marking the invoice for the transaction to indicate that the gross proceeds of sales or gross income derived from the transaction was deducted from the base.

(b) Obtaining a certificate executed by the purchaser indicating the name and address of the purchaser, the precise nature of the business of the purchaser, the purpose for which the purchase was made, the necessary facts to establish the deductibility of the property under section 42-5061, subsection B, and a certification that the person executing the certificate is authorized to do so on behalf of the purchaser. The certificate may be disregarded if the prime contractor has reason to believe that the information contained in the certificate is not accurate or complete.

2. A person who does not comply with paragraph 1 of this subsection may establish entitlement to the deduction by presenting facts necessary to support the entitlement, but the burden of proof is on that person.

3. The department may prescribe a form for the certificate described in paragraph 1, subdivision (b) of this subsection. The department may also adopt rules that describe the transactions with respect to which a person is not entitled to rely solely on the information contained in the certificate provided in paragraph 1, subdivision (b) of this subsection but must instead obtain such additional information as required in order to be entitled to the deduction.

4. If a prime contractor is entitled to a deduction by complying with paragraph 1 of this subsection, the department may require the purchaser who caused the execution of the certificate to establish the accuracy and completeness of the information required to be contained in the certificate that would entitle the prime contractor to the deduction. If the purchaser cannot establish the accuracy and completeness of the information, the purchaser is liable in an amount equal to any tax, penalty and interest that the prime contractor would have been required to pay under article 1 of this chapter if the prime contractor had not complied with paragraph 1 of this subsection. Payment of the amount under

this paragraph exempts the purchaser from liability for any tax imposed under article 4 of this chapter. The amount shall be treated as a transaction privilege tax to the purchaser and as tax revenues collected from the prime contractor in order to designate the distribution base for purposes of section 42-5029.

D. Subcontractors or others who perform modification activities are not subject to tax if they can demonstrate that the job was within the control of a prime contractor or contractors or a dealership of manufactured buildings and that the prime contractor or dealership is liable for the tax on the gross income, gross proceeds of sales or gross receipts attributable to the job and from which the subcontractors or others were paid.

E. Amounts received by a contractor for a project are excluded from the contractor's gross proceeds of sales or gross income derived from the business if the person who hired the contractor executes and provides a certificate to the contractor stating that the person providing the certificate is a prime contractor and is liable for the tax under article 1 of this chapter. The department shall prescribe the form of the certificate. If the contractor has reason to believe that the information contained on the certificate is erroneous or incomplete, the department may disregard the certificate. If the person who provides the certificate is not liable for the tax as a prime contractor, that person is nevertheless deemed to be the prime contractor in lieu of the contractor and is subject to the tax under this section on the gross receipts or gross proceeds received by the contractor.

F. Every person engaging or continuing in this state in the business of prime contracting or dealership of manufactured buildings shall present to the purchaser of such prime contracting or manufactured building a written receipt of the gross income or gross proceeds of sales from such activity and shall separately state the taxes to be paid pursuant to this section.

G. For the purposes of section 42-5032.01, the department shall separately account for revenues collected under the prime contracting classification from any prime contractor engaged in the preparation or construction of a multipurpose facility, and related infrastructure, that is owned, operated or leased by the tourism and sports authority pursuant to title 5, chapter 8.

H. For the purposes of section 42-5032.02, from and after September 30, 2013, the department shall separately account for revenues reported and collected under the prime contracting classification from any prime contractor engaged in the construction of any buildings and associated improvements that are for the benefit of a manufacturing facility. For the purposes of this subsection, "associated improvements" and "manufacturing facility" have the same meanings prescribed in section 42-5032.02.

I. The gross proceeds of sales or gross income derived from a contract for lawn maintenance services is not subject to tax under this section if the contract does not include landscaping activities. Lawn maintenance service is a service pursuant to section 42-5061, subsection A, paragraph 1, and includes lawn mowing and edging, weeding, repairing sprinkler heads or drip irrigation heads, seasonal replacement of flowers, refreshing gravel, lawn dethatching, seeding winter lawns, leaf and debris collection and removal, tree or shrub pruning or clipping, garden and gravel raking and applying pesticides, as defined in section 3-361, and fertilizer materials, as defined in section 3-262.

J. Except as provided in subsection O of this section, the gross proceeds of sales or gross income derived from landscaping activities is subject to tax under this section. Landscaping includes installing lawns, grading or leveling ground, installing gravel or boulders, planting trees and other plants, felling trees, removing or mulching tree stumps, removing other imbedded plants, building irrigation berms, installing railroad ties and installing underground sprinkler or watering systems.

K. The portion of gross proceeds of sales or gross income attributable to the actual direct costs of providing architectural or engineering services that are incorporated in a contract is not subject to tax under this section. For the purposes of this subsection, "direct costs" means the portion of the actual costs that are directly expended in providing architectural or engineering services.

L. Operating a landfill or a solid waste disposal facility is not subject to taxation under this section, including filling, compacting and creating vehicle access to and from cell sites within the landfill. Constructing roads to a landfill or solid waste disposal facility and constructing cells within a landfill or solid waste disposal facility may be deemed prime contracting under this section.

M. The following apply in determining the taxable situs of sales of manufactured buildings:

1. For sales in this state where the manufactured building dealer contracts to deliver the building to a setup site or to perform the setup in this state, the taxable situs is the setup site.

2. For sales in this state where the manufactured building dealer does not contract to deliver the building to a setup site or does not perform the setup, the taxable situs is the location of the dealership where the building is delivered to the buyer.

3. For sales in this state where the manufactured building dealer contracts to deliver the building to a setup site that is outside this state, the situs is outside this state and the transaction is excluded from tax.

N. The gross proceeds of sales or gross income attributable to a written contract for design phase services or professional services, executed before modification begins and with terms, conditions and pricing

of all of these services separately stated in the contract from those for construction phase services, is not subject to tax under this section, regardless of whether the services are provided sequential to or concurrent with prime contracting activities that are subject to tax under this section. This subsection does not include the gross proceeds of sales or gross income attributable to construction phase services. For the purposes of this subsection:

1. "Construction phase services" means services for the execution and completion of any modification, including the following:

(a) Administration or supervision of any modification performed on the project, including team management and coordination, scheduling, cost controls, submittal process management, field management, safety program, close-out process and warranty period services.

(b) Administration or supervision of any modification performed pursuant to a punch list. For the purposes of this subdivision, "punch list" means minor items of modification work performed after substantial completion and before final completion of the project.

(c) Administration or supervision of any modification performed pursuant to change orders. For the purposes of this subdivision, "change order" means a written instrument issued after execution of a contract for modification work, providing for all of the following:

(i) The scope of a change in the modification work, contract for modification work or other contract documents.

(ii) The amount of an adjustment, if any, to the guaranteed maximum price as set in the contract for modification work. For the purposes of this item, "guaranteed maximum price" means the amount guaranteed to be the maximum amount due to a prime contractor for the performance of all modification work for the project.

(iii) The extent of an adjustment, if any, to the contract time of performance set forth in the contract.

(d) Administration or supervision of any modification performed pursuant to change directives. For the purposes of this subdivision, "change directive" means a written order directing a change in modification work before agreement on an adjustment of the guaranteed maximum price or contract time.

(e) Inspection to determine the dates of substantial completion or final completion.

(f) Preparation of any manuals, warranties, as-built drawings, spares or other items the prime contractor must furnish pursuant to the contract for modification work. For the purposes of this subdivision, "as-built drawing" means a drawing that indicates field changes made to adapt to field conditions, field changes resulting from change orders or buried and concealed installation of piping, conduit and utility services.

(g) Preparation of status reports after modification work has begun detailing the progress of work performed, including preparation of any of the following:

(i) Master schedule updates.

(ii) Modification work cash flow projection updates.

(iii) Site reports made on a periodic basis.

(iv) Identification of discrepancies, conflicts or ambiguities in modification work documents that require resolution.

(v) Identification of any health and safety issues that have arisen in connection with the modification work.

(h) Preparation of daily logs of modification work, including documentation of personnel, weather conditions and on-site occurrences.

(i) Preparation of any submittals or shop drawings used by the prime contractor to illustrate details of the modification work performed.

(j) Administration or supervision of any other activities for which a prime contractor receives a certificate for payment or certificate for final payment based on the progress of modification work performed on the project.

2. "Design phase services" means services for developing and completing a design for a project that are not construction phase services, including the following:

(a) Evaluating surveys, reports, test results or any other information on-site conditions for the project, including physical characteristics, legal limitations and utility locations for the site.

(b) Evaluating any criteria or programming objectives for the project to ascertain requirements for the project, such as physical requirements affecting cost or projected utilization of the project.

(c) Preparing drawings and specifications for architectural program documents, schematic design documents, design development documents, modification work documents or documents that identify the scope of or materials for the project.

(d) Preparing an initial schedule for the project, excluding the preparation of updates to the master schedule after modification work has begun.

(e) Preparing preliminary estimates of costs of modification work before completion of the final design of the project, including an estimate or schedule of values for any of the following:

(i) Labor, materials, machinery and equipment, tools, water, heat, utilities, transportation and other facilities and services used in the execution and completion of modification work, regardless of whether they are temporary or permanent or whether they are incorporated in the modifications.

(ii) The cost of labor and materials to be furnished by the owner of the real property.

(iii) The cost of any equipment of the owner of the real property to be assigned by the owner to the prime contractor.

(iv) The cost of any labor for installation of equipment separately provided by the owner of the real property that has been designed, specified, selected or specifically provided for in any design document for the project.

(v) Any fee paid by the owner of the real property to the prime contractor pursuant to the contract for modification work.

(vi) Any bond and insurance premiums.

(vii) Any applicable taxes.

(viii) Any contingency fees for the prime contractor that may be used before final completion of the project.

(f) Reviewing and evaluating cost estimates and project documents to prepare recommendations on site use, site improvements, selection of materials, building systems and equipment, modification feasibility, availability of materials and labor, local modification activity as related to schedules and time requirements for modification work.

(g) Preparing the plan and procedures for selection of subcontractors, including any prequalification of subcontractor candidates.

3. "Professional services" means architect services, engineer services, geologist services, land surveying services or landscape architect services that are within the scope of those services as provided in title 32, chapter 1 and for which gross proceeds of sales or gross income has not otherwise been deducted under subsection K of this section.

O. The gross proceeds of sales or gross income derived from a contract with the owner of real property or improvements to real property for the maintenance, repair, replacement or alteration of existing property is not subject to tax under this section if the contract does not include modification activities, except as specified in this subsection. The gross proceeds of sales or gross income derived from a de minimis amount of modification activity does not subject the contract or any part of the contract to tax under this section. For the purposes of this subsection:

1. Tangible personal property that is incorporated or fabricated into a project described in this subsection may be subject to the amount prescribed in section 42-5008.01.

2. Each contract is independent of any other contract, except that any change order that directly relates to the scope of work of the original contract shall be treated the same as the original contract under this chapter, regardless of the amount of modification activities included in the change order. If a change order does not directly relate to the scope of work of the original contract, the change order shall be treated as a new contract, with the tax treatment of any subsequent change order

to follow the tax treatment of the contract to which the scope of work of the subsequent change order directly relates.

P. Notwithstanding subsection O of this section, a contract that primarily involves surface or subsurface improvements to land and that is subject to title 28, chapter 19, 20 or 22 or title 34, chapter 2 or 6 is taxable under this section, even if the contract also includes vertical improvements. Agencies that are subject to procurement processes under those provisions shall include in the request for proposals a notice to bidders when those projects are subject to this section. This subsection does not apply to contracts with:

1. Community facilities districts, fire districts, county television improvement districts, community park maintenance districts, cotton pest control districts, hospital districts, pest abatement districts, health service districts, agricultural improvement districts, county free library districts, county jail districts, county stadium districts, special health care districts, public health services districts, theme park districts or revitalization districts.

2. Any special taxing district not specified in paragraph 1 of this subsection if the district does not substantially engage in the modification, maintenance, repair, replacement or alteration of surface or subsurface improvements to land.

Q. Notwithstanding subsection R, paragraph 10 of this section, a person owning real property who enters into a contract for sale of the real property, who is responsible to the new owner of the property for modifications made to the property in the period subsequent to the transfer of title and who receives a consideration for the modifications is considered a prime contractor solely for purposes of taxing the gross proceeds of sale or gross income received for the modifications made subsequent to the transfer of title. The original owner's gross proceeds of sale or gross income received for the modifications shall be determined according to the following methodology:

1. If any part of the contract for sale of the property specifies amounts to be paid to the original owner for the modifications to be made in the period subsequent to the transfer of title, the amounts are included in the original owner's gross proceeds of sale or gross income under this section. Proceeds from the sale of the property that are received after transfer of title and that are unrelated to the modifications made subsequent to the transfer of title are not considered gross proceeds of sale or gross income from the modifications.

2. If the original owner enters into an agreement separate from the contract for sale of the real property providing for amounts to be paid to the original owner for the modifications to be made in the period subsequent to the transfer of title to the property, the amounts are included in the original owner's gross proceeds of sale or gross income received for the modifications made subsequent to the transfer of title.

3. If the original owner is responsible to the new owner for modifications made to the property in the period subsequent to the transfer of title and derives any gross proceeds of sale or gross income from the project subsequent to the transfer of title other than a delayed disbursement from escrow unrelated to the modifications, it is presumed that the amounts are received for the modifications made subsequent to the transfer of title unless the contrary is established by the owner through its books, records and papers kept in the regular course of business.

4. The tax base of the original owner is computed in the same manner as a prime contractor under this section.

R. For the purposes of this section:

1. "Alteration" means an activity or action that causes a direct physical change to existing property. For the purposes of this paragraph:

(a) For existing property that is properly classified as class two property under section 42-12002, paragraph 1, subdivision (c) or paragraph 2, subdivision (c) and that is used for residential purposes, class three property under section 42-12003 or class four property under section 42-12004, this paragraph does not apply if the contract amount is more than twenty-five percent of the most recent full cash value established under chapter 13, article 2 of this title as of the date of any bid for the work or the date of the contract, whichever value is higher.

(b) For all existing property other than existing property described in subdivision (a) of this paragraph, this paragraph does not apply if the contract amount is more than $750,000.

(c) Project elements may not be artificially separated from a contract to cause a project to qualify as an alteration. The department has the burden of proof that project elements have been artificially separated from a contract.

(d) If a project for which the owner and the person performing the work reasonably believed, at the inception of the contract, would be treated as an alteration under this paragraph and, on completion of the project, the project exceeded the applicable threshold described in either subdivision (a) or (b) of this paragraph by ~~no~~ NOT more than twenty-five percent of the applicable threshold for any reason, the work performed under the contract qualifies as an alteration.

(e) A change order that directly relates to the scope of work of the original contract shall be treated as part of the original contract, and the contract amount shall include any amount attributable to a change order that directly relates to the scope of work of the original contract.

(f) Alteration does not include maintenance, repair or replacement.

2. "Contracting" means engaging in business as a contractor.

3. "Contractor" is synonymous with the term "builder" and means any person or organization that undertakes to or offers to undertake to, or purports to have the capacity to undertake to, or submits a bid to, or does personally or by or through others, modify any building, highway,

road, railroad, excavation, manufactured building or other structure, project, development or improvement, or to do any part of such a project, including the erection of scaffolding or other structure or works in connection with such a project, and includes subcontractors and specialty contractors. For all purposes of taxation or deduction, this definition shall govern without regard to whether or not such a contractor is acting in fulfillment of a contract.

4. "Manufactured building" means a manufactured home, mobile home or factory-built building, as defined in section 41-4001.

5. "Manufactured building dealer" means a dealer who either:

(a) Is licensed pursuant to title 41, chapter 37, article 4 and who sells manufactured buildings to the final consumer.

(b) Supervises, performs or coordinates the excavation and completion of site improvements or the setup of a manufactured building, including the contracting, if any, with any subcontractor or specialty contractor for the completion of the contract.

6. "Modification" means construction, grading and leveling ground, wreckage or demolition. Modification does not include:

(a) Any project described in subsection O of this section.

(b) Any wreckage or demolition of existing property, or any other activity that is a necessary component of a project described in subsection O of this section.

(c) Any mobilization or demobilization related to a project described in subsection O of this section, such as the erection or removal of temporary facilities to be used by those persons working on the project.

7. "Modify" means to make a modification or cause a modification to be made.

8. "Owner" means the person that holds title to the real property or improvements to real property that is the subject of the work, as well as an agent of the title holder and any person with the authority to perform or authorize work on the real property or improvements, including a tenant and a property manager. For the purposes of subsection O of this section, a person who is hired by a general contractor that is hired by an owner, or a subcontractor of a general contractor that is hired by an owner, is considered to be hired by the owner.

9. "Prime contracting" means engaging in business as a prime contractor.

10. "Prime contractor" means a contractor who supervises, performs or coordinates the modification of any building, highway, road, railroad, excavation, manufactured building or other structure, project, development or improvement, including the contracting, if any, with any subcontractors or specialty contractors and who is responsible for the completion of the contract. Except as provided in subsections E and Q of this section, a person who owns real property, who engages one or more contractors to

modify that real property and who does not itself modify that real property is not a prime contractor within the meaning of this paragraph regardless of the existence of a contract for sale or the subsequent sale of that real property.

11. "Replacement" means the removal from service of one component or system of existing property or tangible personal property installed in existing property, including machinery or equipment, and the installation of a new component or system or new tangible personal property, including machinery or equipment, that provides the same, a similar or an upgraded design or functionality, regardless of the contract amount and regardless of whether the existing component or system or existing tangible personal property is physically removed from the existing property.

12. "Sale of a used manufactured building" does not include a lease of a used manufactured building.

Sec. 2. Section 44-1304, Arizona Revised Statutes, is amended to read:

44-1304. Disposal of waste tires

A. The disposal of waste tires in landfills and the incineration of those tires is prohibited, except as provided in subsection C or D of this section or in accordance with rules adopted by the director of the department of environmental quality. An owner or operator of a solid waste disposal site shall not knowingly accept waste tires for disposal UNLESS THE DIRECTOR HAS APPROVED WASTE TIRE DISPOSAL PURSUANT TO THE SITE'S SOLID WASTE FACILITY PLAN.

B. A person shall not dispose of motor vehicle waste tires unless the waste tires are disposed of at a waste tire collection site or as provided in subsection C or D of this section or in accordance with rules adopted by the director of the department of environmental quality.

C. Off-road motor vehicle waste tires shall not be disposed of or reused except in accordance with ~~the provisions of~~ this article or rules adopted by the director of the department of environmental quality. In the absence of rules, off-road motor vehicle waste tires shall not be disposed of or put to beneficial use in a manner that results in an environmental nuisance pursuant to section 49-141. Mining industry off-road motor vehicle waste tires may be disposed of by burial at a mining facility in the same manner ~~permitted~~ ALLOWED by rule in effect on February 1, 1996 until the director by rule determines on-site recycling methods that are technically feasible and economically practical.

D. The following are permissible methods of waste tire disposal:

1. Retreading or recapping.

2. Constructing collision barriers.

3. Controlling soil erosion or for flood control only if used in accordance with approved engineering practices.

4. Chopping or shredding for use as waste tire daily cover MATERIAL at a solid waste landfill.

5. Grinding for use in asphalt and as a raw material for other products.

6. Sludge composting.

7. Using as playground equipment.

8. Incinerating or using as a fuel or pyrolysis if ~~permitted~~ ALLOWED by laws, regulations or ordinances relating to burning or fuel.

9. Hauling to out-of-state collection or processing sites.

10. Tire monofills if tires are chopped or shredded.

11. Use as a building material for building construction in accordance with applicable city, town and county building codes.

12. Agricultural purposes as bumpers on agricultural equipment or as ballast to maintain covers at an agricultural site.

E. For THE purposes of subsection D, paragraph 10 of this section, "tire monofill" means a solid waste disposal facility or a part of a facility used for the exclusive purpose of the disposal of waste tires ~~which~~ THAT are chopped, shredded or cut up for the purpose of disposal.

F. The director of the department of environmental quality, by rule, may authorize other methods of disposal of waste tires. If used as daily cover material for a solid waste landfill, the director shall specify the size of the parts into which the material must be cut. THE DIRECTOR MAY ALLOW THE DISPOSAL OF WHOLE TIRES, INCLUDING WITH OR WITHOUT RIMS, PURSUANT TO A SOLID WASTE FACILITY PLAN IF DISPOSED OF IN EITHER OF THE FOLLOWING MANNERS:

1. AS A LAYER IMMEDIATELY ABOVE THE BASE LINER SYSTEM OF A NEW SOLID WASTE LANDFILL.

2. BURIED WITH OTHER WASTE AT A DEPTH OF FIFTY FEET OR MORE.

G. Each county shall provide at least one designated waste tire collection site in the county to receive waste tires from a seller of motor vehicle tires or the seller's designee complying with section 44-1302. Additional waste tire collection sites or disposal arrangements shall be established by the county as necessary for the disposal of waste tires as provided in subsection B of this section. All collection sites established under this subsection shall comply with applicable zoning and ordinance regulations. The county or private enterprise receiving waste tire fund monies from a county shall not impose a tire tipping fee and shall not refuse to accept waste tires from a seller of motor vehicle tires or the seller's designee complying with section 44-1302, unless provided for in section 44-1302, subsection H.

H. The director of the department of environmental quality shall issue or revise a permit required pursuant to title 49, chapter 3, article 2 for a facility that applies to the department of environmental quality for a permit or a revision to a permit to burn a tire derived fuel if the applicant can demonstrate that the burning of tire derived fuel will result in equal to or lower emissions than the burning of other types of fuel for which the department of environmental quality may issue

permits and the applicant has met all requirements of titles I and V of the clean air act. Any tests involving tire derived fuel conducted by the United States environmental protection agency or any test results involving tire derived fuel approved by the United States environmental protection agency, including hazardous air pollutant studies, shall be accepted by the department of environmental quality. No duplicate testing by the applicant shall be required, except that the applicant shall meet all testing requirements under titles I and V of the clean air act. For THE purposes of this subsection, "clean air act" has the same meaning prescribed in section 49-401.01.

Sec. 3. Repeal

Section 49-257, Arizona Revised Statutes, is repealed.

Sec. 4. Section 49-355, Arizona Revised Statutes, is amended to read:

49-355. Small drinking water systems fund; exemption; grants; definition

A. The small drinking water systems fund is established in the water infrastructure finance authority of Arizona. The fund consists of monies appropriated by the legislature AND FEDERAL MONIES TO ASSIST IN CARRYING OUT THE PURPOSE OF THIS SECTION. Monies in the fund are exempt from lapsing under section 35-190. Interest earned on monies in the fund shall be credited to the fund.

B. Monies from the small drinking water systems fund shall be used to provide grants, including emergency grants, to interim operators, interim managers or owners of small drinking water systems to repair, replace or upgrade water infrastructure as required for compliance with title 40, chapter 2, this chapter or any rule adopted under title 40, chapter 2 or this chapter.

C. On recommendation of the department in consultation with the corporation commission, the water infrastructure finance authority of Arizona may approve a grant from the fund to an interim operator, an interim manager or an owner of a small drinking water system pursuant to this section only if the interim operator, the interim manager or the owner demonstrates that it requires financial assistance to replace, make repairs to, rehabilitate or upgrade the drinking water system infrastructure in order to correct or avoid an interruption in water service or to comply with title 40, chapter 2, this chapter or any rule adopted under title 40, chapter 2 or this chapter. The department shall include in its recommendation to the water infrastructure finance authority of Arizona a written statement that is signed by the director and that includes a detailed assessment of the direct public benefit of the grant, a certification that disbursement of monies is in the best interests of this state and, if applicable, a determination that the grant is in response to an emergency.

D. Before disbursing monies to an authorized recipient pursuant to this section, the water infrastructure finance authority of Arizona shall enter into a written grant agreement with the recipient. The terms of the agreement shall include at least the following:

1. Performance targets and target dates for matters associated with the grant as determined by the department.

2. Terms for payment of monies to the recipient and repayment to this state as prescribed by subsection F of this section.

E. The written grant agreement may require that a reasonable percentage of the total amount of the grant be withheld until the recipient meets specified performance targets.

F. The water infrastructure finance authority of Arizona may require repayment to this state of a portion or all of the grant monies with interest at an agreed rate and on agreed terms. The repayment may be required if either of the following applies:

1. The water infrastructure finance authority of Arizona in coordination with the department finds that the grant recipient has not met performance targets specified in the written grant agreement on or before the dates specified in the agreement.

2. The written grant agreement prescribes the repayment.

G. Emergency grants made pursuant to this section are exempt from title 41, chapter 23.

H. For the purposes of this section, "small drinking water system" means a public water system as prescribed in section 49-352 that serves ten thousand or fewer persons.

Sec. 5. Section 49-360, Arizona Revised Statutes, is amended to read:

49-360. Monitoring assistance program for public water systems; rules; fees; monitoring assistance fund; safe drinking water program fund; rules

A. The department shall establish a monitoring assistance program to assist public water systems in complying with monitoring requirements under the federal safe drinking water act (P.L. 93-523; 88 Stat. 1660; P.L. 95-190; 91 Stat. 1393; P.L. 104-182; 110 Stat. 1613; 42 United States Code sections 300f through 300j-25), as amended. The program shall provide for the collection, transportation and analysis of baseline samples from public water systems in a frequency sufficient to keep the systems in compliance with the federal safe drinking water act requirements. THE DEPARTMENT MAY ADOPT RULES TO ESTABLISH CRITERIA FOR A PUBLIC WATER SYSTEM TO OPT OUT OF THE MONITORING ASSISTANCE PROGRAM. THE DEPARTMENT MAY CONDUCT ADDITIONAL SAMPLING FOR A SYSTEM THAT TRIGGERS A DETECTION LIMIT SET BY RULE TO COMPLY WITH THE FEDERAL SAFE DRINKING WATER ACT. At a minimum, the program shall include monitoring for the following categories of contaminants:

1. Volatile organic chemicals.

2. Synthetic organic chemicals.
3. Inorganic chemicals except for copper and lead.
4. Radiochemicals.

B. The department shall contract with one or more private parties or statewide nonprofit organizations representing water systems to implement the monitoring assistance program subject to available funding. Contracts shall be awarded for up to three years. Entities with which the department contracts shall:

1. Provide updated monitoring schedules, developed in conjunction with the department, to participating water systems.

2. Take samples for participating water systems, allow for certified operators to take samples and train system personnel to take samples.

3. Assist participating water systems when resampling is required by the federal safe drinking water act.

4. Assist participating water systems to apply for and qualify for available interim monitoring relief and waivers.

5. Provide any other on-site technical assistance necessary to help the participating water systems comply with the monitoring requirements of the federal safe drinking water act.

C. Any public water systems serving more than ten thousand persons may elect to participate in the monitoring assistance program subject to the payment of the fees pursuant to subsection F of this section.

D. The department shall use licensed environmental laboratories as defined in section 36-495 or laboratories certified or designated by the United States environmental protection agency to analyze samples collected under the monitoring assistance program. The department shall establish specific criteria for measuring contractor qualifications and performance.

E. Each environmental laboratory that the department uses pursuant to subsection D of this section shall deliver copies of the analysis results to the water system owner, the monitoring assistance program contractor and the department.

F. The director shall establish fees for the monitoring assistance program to be collected from all public water systems serving up to ten thousand persons. The participating water systems shall remit these fees to the department for deposit in the monitoring assistance fund.

G. The monitoring assistance fund is established consisting of fees collected from participating public water systems pursuant to subsection F of this section AND FEDERAL MONIES TO ASSIST IN CARRYING OUT THE PURPOSE OF THIS SECTION. The director shall administer the fund. If the fund has a surplus after execution of the previous year's contract, any surplus ~~in excess~~ of ~~$200,000~~ MORE THAN THE AVERAGE ANNUAL OPERATING COSTS AS MEASURED BY THE THREE PRECEEDING FISCAL YEARS in any year shall be used to reduce the fee for the subsequent year in a manner consistent with the program invoicing system. Monies in the fund shall be used to pay the

monitoring assistance program contractors, the environmental laboratories used for the purposes of this section and administrative costs incurred by the department. Monies in the fund are exempt from lapsing pursuant to section 35-190. Interest earned on monies in the fund shall be credited to the fund. The allowable administrative costs of the department are limited to not more than fifteen percent of monies deposited in the fund annually or ~~one hundred eighty-four thousand dollars~~ $184,000, whichever is less. For the purposes of this subsection, "administrative costs" includes only those costs necessary to do the following:

1. Ensure contractor performance and quality control.

2. Administer the contracts.

3. Collect fees as provided in subsection F of this section.

4. Provide direct technical assistance related to the implementation of the monitoring assistance program only to the extent the department's assistance is required by this section.

H. The safe drinking water program fund is established consisting of monies deposited in the fund pursuant to section 42-5304. The director shall administer the fund. Subject to legislative appropriation, monies in the fund shall be used to pay for the costs of programs required by this article incurred by the department. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations. Interest earned on monies in the fund shall be credited to the fund.

I. The department shall adopt rules for the monitoring assistance program.

J. Any site visit made pursuant to this section by a monitoring assistance program contractor shall not be regarded as an inspection or investigation. Enforcement actions shall not be taken as a result of these site visits, except that this section does not affect the authority of the department to enforce this article pursuant to section 49-354.

Sec. 6. Section 49-542, Arizona Revised Statutes, as amended by Laws 2021, chapter 27, section 3 and chapter 116, section 1, is amended to read:

49-542. Emissions inspection program; powers and duties of director; administration; periodic inspection; minimum standards and rules; exceptions; definition

A. The director shall administer a comprehensive annual or biennial emissions inspection program that shall require the inspection of vehicles in this state pursuant to this article and applicable administrative rules. Such inspection is required for vehicles that are registered in area A and area B, for those vehicles owned by a person who is subject to section 15-1444 or 15-1627 and for those vehicles registered outside of area A or area B but used to commute to the driver's principal place of employment located within area A or area B. Inspection in other counties of ~~the~~ THIS state shall commence on the director's approval of an

application by a county board of supervisors for participation in such inspection program. In all counties with a population of three hundred fifty thousand or fewer persons, except for the portion of counties that contain any portion of area A, the director shall as conditions dictate provide for testing to determine the effect of vehicle-related pollution on ambient air quality in all communities with a metropolitan area population of twenty thousand persons or more. If such testing detects the violation of state ambient air quality standards by vehicle-related pollution, the director shall forward a full report of such violation to the president of the senate, the speaker of the house of representatives and the governor.

B. The state's annual or biennial emissions inspection program shall provide for vehicle inspections at official emissions inspection stations or at fleet emissions inspection stations or may provide for remote vehicle inspection. Each official inspection station in area A shall employ at least one technical assistant who is available during the station's hours of operation to provide assistance for persons who fail the emissions test. An official or fleet emissions inspection station permit shall not be sold, assigned, transferred, conveyed or removed to another location except on such terms and conditions as the director may prescribe. The director shall establish a pilot program to provide for remote vehicle inspections in area A and area B. The director shall operate the pilot program for at least three consecutive years and shall complete the pilot program before July 1, 2025. On completion of the pilot program, the director shall submit to the joint legislative budget committee and the office of the governor a report summarizing the results of the pilot program. The director shall submit the report before the department implements any ~~full scale~~ FULL-SCALE remote vehicle inspection program and shall include in the report a summary of the data collected during the pilot program and a certification by the director that, based on the data collected during the pilot program, a full scale implementation of a remote vehicle inspection program will increase the efficiency and reduce the costs of the vehicle emissions inspection program.

C. Vehicles required to be inspected and registered in this state, except those provided for in section 49-546, shall be inspected, for the purpose of complying with the registration requirement pursuant to subsection D of this section, in accordance with ~~the provisions of~~ this article not more than ninety days before each registration expiration date. A vehicle may be submitted voluntarily for inspection more than ninety days before the registration expiration date on payment of the prescribed inspection fee. That voluntary inspection may be considered as compliance with the registration requirement pursuant to subsection D of this section only on conditions prescribed by the director.

D. A vehicle shall not be registered until such vehicle has passed the emissions inspection and the tampering inspection prescribed in subsection G of this section or has been issued a certificate of waiver. A certificate of waiver shall only be issued one time to a vehicle after January 1, 1997. If any vehicle to be registered is being sold by a dealer licensed to sell motor vehicles pursuant to title 28, the cost of any inspection and any repairs necessary to pass the inspection shall be borne by the dealer. A dealer who is licensed to sell motor vehicles pursuant to title 28 and whose place of business is located in area A or area B shall not deliver any vehicle to the retail purchaser until the vehicle passes any inspection required by this article, except if the vehicle is a collectible vehicle and the retail purchaser obtains collectible vehicle or classic automobile insurance coverage as prescribed in subsection Z of this section before delivery or the vehicle is otherwise exempt under subsection J of this section.

E. On the registration of a vehicle that has complied with the minimum emissions standards pursuant to this section or is otherwise exempt under this section, the registering officer shall issue an air quality compliance sticker to the registered owner that shall be placed on the vehicle as prescribed by rule adopted by the department of transportation or issue a modified year validating tab as prescribed by rule adopted by the department of transportation. Those persons who reside outside of area A or area B but who elect to test their vehicle or are required to test their vehicle pursuant to this section and who comply with the minimum emissions standards pursuant to this section or are otherwise exempt under this section shall remit a compliance form, as prescribed by the department of transportation, and proof of compliance issued at an official emissions inspection station to the department of transportation along with the appropriate fees. The department of transportation shall then issue the person an air quality compliance sticker that shall be placed on the vehicle as prescribed by rule adopted by the department of transportation. The registering officer or the department of transportation shall collect an air quality compliance fee of $.25. The registering officer or the department of transportation shall deposit, pursuant to sections 35-146 and 35-147, the air quality compliance fee in the state highway fund established by section 28-6991. The department of transportation shall deposit, pursuant to sections 35-146 and 35-147, any emissions inspection fee in the emissions inspection fund. ~~The provisions of~~ This subsection ~~do~~ DOES not apply to those vehicles registered pursuant to title 28, chapter 7, article 7 or 8, the sale of vehicles between motor vehicle dealers or vehicles leased to a person residing outside of area A or area B by a leasing company whose place of business is in area A or area B.

F. The director shall adopt minimum emissions standards pursuant to section 49-447 with which the various classes of vehicles shall be required to comply as follows:

1. For the purpose of determining compliance with minimum emissions standards in area B for motor vehicles other than diesel powered vehicles or constant four-wheel drive vehicles:

(a) A motor vehicle that is equipped with an onboard diagnostic system required by section 202(m) of the clean air act shall be required to take and pass an onboard diagnostic test or a steady state loaded test and curb idle test as approved by the director.

(b) A motor vehicle with a model year of 1981 or later, other than a vehicle covered by subdivision (a) of this paragraph, shall be required to take and pass a steady state loaded test and curb idle test.

(c) A motor vehicle, other than a vehicle covered by subdivision (a) or (b) of this paragraph, shall be required to take and pass a curb idle test.

2. For the purposes of determining compliance with minimum emissions standards and functional tests in area A for motor vehicles other than diesel powered vehicles or constant four-wheel drive vehicles:

(a) A motor vehicle that is equipped with an onboard diagnostic system required by section 202(m) of the clean air act shall be required to take and pass an onboard diagnostic test or a transient loaded test as approved by the director.

(b) A motor vehicle with a model year of 1981 or later, WITH A GROSS VEHICLE WEIGHT RATING OF LESS THAN EIGHT THOUSAND FIVE HUNDRED ONE POUNDS, other than a vehicle covered by subdivision (a) of this paragraph, shall be required to take and pass a transient loaded test. A MOTOR VEHICLE WITH A MODEL YEAR OF 1981 OR LATER, WITH A GROSS VEHICLE WEIGHT RATING OF MORE THAN EIGHT THOUSAND FIVE HUNDRED ONE POUNDS, OTHER THAN A VEHICLE COVERED BY SUBDIVISION (a) OF THIS PARAGRAPH, SHALL BE REQUIRED TO TAKE AND PASS A STEADY STATE LOADED TEST, A CURB IDLE TEST OR ANOTHER TEST APPROVED UNDER THE FEDERAL CLEAN AIR ACT.

(c) A motor vehicle, other than a vehicle covered by subdivision (a) or (b) of this paragraph, shall be required to take and pass a steady state loaded test and curb idle test.

(d) Motor vehicles by specific class or model year shall be required to take and pass any of the following tests:

(i) An evaporative system purge test.

(ii) An evaporative system integrity test.

3. For the purpose of determining compliance with minimum emissions standards in area A or area B for diesel powered motor vehicles:

(a) A diesel powered motor vehicle that is equipped with an onboard diagnostic system required by section 202(m) of the clean air act shall be required to take and pass an onboard diagnostic test or an opacity test as approved by the director.

(b) A diesel powered motor vehicle, other than a vehicle covered by subdivision (a) of this paragraph, shall be required to take and pass an emissions test as follows:

(i) A loaded, transient or any other form of test as provided for in rules adopted by the director for vehicles with a gross vehicle weight rating of eight thousand five hundred pounds or less.

(ii) A test that conforms with the society for automotive engineers standard J1667 for vehicles with a gross vehicle weight rating of more than eight thousand five hundred pounds.

4. A constant four-wheel drive vehicle shall be required to take and pass a curb idle test or an onboard diagnostic test.

5. Fleet operators must comply with this section, except that used vehicles, other than diesel powered vehicles, sold by a motor vehicle dealer who is a fleet operator and who has been issued a permit under section 49-546 shall be tested as follows:

(a) A motor vehicle with a model year of 1980 or earlier shall take and pass a curb idle test.

(b) A motor vehicle with a model year of 1981 or later, other than a vehicle that is equipped with an onboard diagnostic system that is required by section 202(m) of the clean air act, shall take and pass a curb idle test and a twenty-five hundred revolutions per minute unloaded test.

6. Vehicles owned or operated by the United States, this state or a political subdivision of this state shall comply with this subsection without regard to whether those vehicles are required to be registered in this state, except that alternative fuel vehicles of a school district that is located in area A, other than vehicles equipped with an onboard diagnostic system required by section 202(m) of the clean air act, shall be required to take and pass the curb idle test and the loaded test.

7. A diesel powered motor vehicle with a gross vehicle weight of more than twenty-six thousand pounds and for which gross weight fees are paid pursuant to title 28, chapter 15, article 2 in area A shall not be allowed to operate in area A unless it was manufactured in or after the 1988 model year or is powered by an engine that is certified to meet or surpass emissions standards contained in 40 Code of Federal Regulations section 86.088-11 in effect on July 1, 1995. This paragraph does not apply to vehicles that are registered pursuant to title 28, chapter 7, article 7 or 8.

G. In addition to an emissions inspection, a vehicle is subject to a tampering inspection as prescribed by rules adopted by the director if the vehicle was manufactured after the 1974 model year.

H. Vehicles required to be inspected shall undergo a functional test of the gas cap to determine if the cap holds pressure within limits prescribed by the director. This subsection does not apply to any diesel powered vehicle.

I. Motor vehicles failing the initial or subsequent test are not subject to a penalty fee for late registration renewal if the original testing was accomplished before the expiration date and if the registration renewal is received by the motor vehicle division or the county assessor within thirty days after the original test.

J. The director may adopt rules for purposes of implementation, administration, regulation and enforcement of ~~the provisions of~~ this article including:

1. The submission of records relating to the emissions inspection of vehicles inspected by another jurisdiction in accordance with another inspection law and the acceptance of such inspection for compliance with the provisions of this article.

2. The exemption from inspection of:

(a) Except as otherwise provided in this subdivision, a motor vehicle manufactured in or before the 1966 model year. If the United States environmental protection agency issues a vehicle emissions testing exemption for motor vehicles manufactured in or before the 1974 model year for purposes of the state implementation or maintenance plan for air quality, a motor vehicle manufactured in or before the 1974 model year is exempt from inspection.

(b) New vehicles originally registered at the time of initial retail sale and titling in this state pursuant to section 28-2153 or 28-2154.

(c) Vehicles registered pursuant to title 28, chapter 7, article 7 or 8.

(d) New vehicles before the sixth registration year after initial purchase or lease.

(e) Vehicles that are outside of this state at the time of registration, except the director by rule may require testing of those vehicles within a reasonable period of time after those vehicles return to this state.

(f) Golf carts.

(g) ~~Electrically-powered~~ ELECTRICALLY POWERED vehicles.

(h) Vehicles with an engine displacement of less than ninety cubic centimeters.

(i) The sale of vehicles between motor vehicle dealers.

(j) Vehicles leased to a person residing outside of area A or area B by a leasing company whose place of business is in area A or area B.

(k) Collectible vehicles.

(l) Motorcycles.

(m) Cranes and oversize vehicles that require permits pursuant to section ~~28-1100,~~ 28-1103 or 28-1144.

(n) Vehicles that are not in use and that are owned by residents of this state while on active military duty outside of this state.

3. Compiling and maintaining records of emissions test results after servicing.

4. A procedure that allows the vehicle service and repair industry to compare the calibration accuracy of its emissions testing equipment with the department's calibration standards.

5. Training requirements for automotive repair personnel using emissions measuring equipment whose calibration accuracy has been compared with the department's calibration standards.

6. Any other rule that may be required to accomplish ~~the provisions of~~ this article.

K. The director, after consultation with automobile manufacturers and the vehicle service and repair industry, shall establish by rule a definition of "vehicle maintenance and repairs" for motor vehicles subject to inspection under this article. The definition shall specify repair procedures that, when implemented, will reduce vehicle emissions.

L. The director shall adopt rules that specify that the estimated retail cost of all recommended maintenance and repairs shall not exceed the amounts prescribed in this subsection, except that if a vehicle fails a tampering inspection there is no limit on the cost of recommended maintenance and repairs. The director shall issue a certificate of waiver for a vehicle if the director has determined that all recommended maintenance and repairs have been performed and that the vehicle has failed any reinspection that may be required by rule. If the director has determined that the vehicle is in compliance with minimum emissions standards or that all recommended maintenance and repairs for compliance with minimum emissions standards have been performed, but that tampering discovered at a tampering inspection has not been repaired, the director may issue a certificate of waiver if the owner of the vehicle provides to the director a written statement from an automobile parts or repair business that an emissions control device that is necessary to repair the tampering is not available and cannot be obtained from any usual source of supply before the vehicle's current registration expires. Rules adopted by the director for the purpose of establishing the estimated retail cost of all recommended maintenance and repairs pursuant to this subsection shall specify that:

1. In area A the cost shall not exceed:

(a) $500 for a diesel powered vehicle with a gross weight in excess of twenty-six thousand pounds.

(b) $500 for a diesel powered vehicle with tandem axles.

(c) For a vehicle other than a diesel powered vehicle with a gross weight in excess of twenty-six thousand pounds and other than a diesel powered vehicle with tandem axles:

(i) $200 for such a vehicle manufactured in or before the 1974 model year.

(ii) $300 for such a vehicle manufactured in the 1975 through 1979 model years.

(iii) $450 for such a vehicle manufactured in or after the 1980 model year.

2. In area B the cost shall not exceed:

(a) $300 for a diesel powered vehicle with a gross weight in excess of twenty-six thousand pounds.

(b) $300 for a diesel powered vehicle with tandem axles.

3. For a vehicle other than a diesel powered vehicle with a gross weight in excess of twenty-six thousand pounds and other than a diesel powered vehicle with tandem axles:

(a) $50 for such a vehicle manufactured in or before the 1974 model year.

(b) $200 for such a vehicle manufactured in the 1975 through 1979 model years.

(c) $300 for such a vehicle manufactured in or after the 1980 model year.

M. Each person whose vehicle has failed an emissions inspection shall be provided a list of those general recommended repair and maintenance procedures for vehicles that are designed to reduce vehicle emissions levels.

N. Notwithstanding any other provisions of this article, the director may adopt rules allowing exemptions from the requirement that all vehicles must meet the minimum standards for registration.

O. The director of environmental quality shall establish, in cooperation with the assistant director for the motor vehicle division of the department of transportation:

1. An adequate method for identifying bona fide residents residing outside of area A or area B to ensure that such residents are exempt from compliance with the inspection program established by this article and rules adopted under this article.

2. A written notice that shall accompany the vehicle registration application forms that are sent to vehicle owners pursuant to section 28-2151 and that shall accompany or be included as part of the vehicle emissions test results that are provided to vehicle owners at the time of the vehicle emissions test. This written notice shall describe at least the following:

(a) The restriction of the waiver program to one time per vehicle and a brief description of the implications of this limit.

(b) The availability and a brief description of the vehicle repair and retrofit program established pursuant to section 49-558.02.

(c) Notice that many vehicles carry extended warranties for vehicle emissions systems, and those warranties are described in the vehicle's owner's manual or other literature.

P. Notwithstanding any other law, if area A or area B is reclassified as an attainment area, emissions testing conducted pursuant to this article shall continue for vehicles registered inside that reclassified area, vehicles owned by a person who is subject to section 15-1444 or 15-1627 and vehicles registered outside of that reclassified area but used to commute to the driver's principal place of employment located within that reclassified area.

Q. A fleet operator who is issued a permit pursuant to section 49-546 may electronically transmit emissions inspection data to the department of transportation pursuant to rules adopted by the director of the department of transportation in consultation with the director of environmental quality.

R. The director shall prohibit a certificate of waiver pursuant to subsection L of this section for any vehicle that has failed inspection in area A or area B due to the catalytic converter system.

S. The director shall establish provisions for rapid testing of certain vehicles and to allow fleet operators, singly or in combination, to contract directly for vehicle emissions testing.

T. Each vehicle emissions inspection station in area A shall have a sign posted to be visible to persons who are having their vehicles tested. This sign shall state that enhanced testing procedures are a direct result of federal law.

U. The initial adoption of rules pursuant to this section shall be deemed emergency rules pursuant to section 41-1026.

V. The director of environmental quality and the director of the department of transportation shall implement a system to exchange information relating to the waiver program, including information relating to vehicle emissions test results and vehicle registration information.

W. Any person who sells a vehicle that has been issued a certificate of waiver pursuant to this section after January 1, 1997 and who knows that a certificate of waiver has been issued after January 1, 1997 for that vehicle shall disclose to the buyer before completion of the sale that a certificate of waiver has been issued for that vehicle.

X. Vehicles that fail the emissions test at emission levels higher than twice the standard established for that vehicle class by the department pursuant to section 49-447 are not eligible for a certificate of waiver pursuant to this section unless the vehicle is repaired sufficiently to achieve an emissions level below twice the standard for that class of vehicle.

Y. If an insurer notifies the department of transportation of the cancellation or nonrenewal of collectible vehicle or classic automobile insurance coverage for a collectible vehicle, the department of transportation shall cancel the registration of the vehicle and the vehicle's exemption from emissions testing pursuant to this section unless

evidence of coverage is presented to the department of transportation within sixty days.

Z. For the purposes of this section, "collectible vehicle" means a vehicle that complies with both of the following:

1. Either:

(a) Bears a model year date of original manufacture that is at least fifteen years old.

(b) Is of unique or rare design, of limited production and an object of curiosity.

2. Meets both of the following criteria:

(a) Is maintained primarily for use in car club activities, exhibitions, parades or other functions of public interest or for a private collection and is used only infrequently for other purposes.

(b) Has a collectible vehicle or classic automobile insurance coverage that restricts the collectible vehicle mileage or use, or both, and requires the owner to have another vehicle for personal use.

Sec. 7. Section 49-701, Arizona Revised Statutes, is amended to read:

49-701. Definitions

In this chapter, unless the context otherwise requires:

1. "Administratively complete plan" means an application for a solid waste facility plan approval that the department has determined contains each of the components required by statute or rule but that has not undergone technical review or public notice by the department.

2. "Administrator" means the administrator of the United States environmental protection agency.

3. "Advanced recycling":

(a) Means a manufacturing process to convert post-use polymers and recovered feedstocks into basic hydrocarbon raw materials, feedstocks, chemicals, monomers, oligomers, plastics, plastics and chemical feedstocks, basic and unfinished chemicals, crude oil, naphtha, liquid transportation fuels and coatings and other products such as waxes and lubricants through processes that include pyrolysis, gasification, depolymerization, catalytic cracking, reforming, hydrogenation, solvolysis and other similar technologies.

(b) Does not include solid waste management, processing, incineration or treatment.

4. "Advanced recycling facility":

(a) Means a facility that receives, stores and converts post-use polymers and recovered feedstocks using advanced recycling.

(b) Includes a manufacturing facility that is subject to applicable provisions of law and department rules for air quality, water quality and waste and land use.

(c) Does not include a solid waste facility, processing facility, treatment facility, materials recovery facility, recycling facility or incinerator.

5. "Beneficial use of CCR" means that ~~the CCR meets~~ all of the following conditions APPLY:

(a) The CCR provides a functional benefit.

(b) The CCR substitutes for the use of a virgin material, which conserves natural resources that would otherwise need to be obtained through practices such as extraction.

(c) The use of the CCR meets relevant product specifications, regulatory standards or design standards when available, and when those standards are not available, the CCR is not used in excess quantities.

(d) ~~When~~ FOR unencapsulated use of CCR involving placement of twelve thousand four hundred tons or more on the land in nonroadway applications, the user demonstrates, keeps records and provides documentation on request, that environmental releases to groundwater, surface water, soil and air are comparable to or lower than those from analogous products made without CCR, or that environmental releases to groundwater, surface water, soil and air will be at or below relevant regulatory and health-based benchmarks for human and ecological receptors during use.

6. "CCR pile" ~~or "pile"~~:

(a) Means any noncontainerized accumulation of solid, nonflowing CCR that is placed on the land.

(b) Does not include a CCR that is beneficially used off-site.

7. "CCR program approval" means United States environmental protection agency approval of the Arizona coal combustion residuals program in accordance with 42 United States Code section 6945(d)(1).

8. "CCR surface impoundment" or "impoundment" means a natural topographic depression, man-made excavation or diked area, which is designed to hold an accumulation of CCR and liquids, and the CCR unit treats, stores or disposes of CCR.

9. "Closed solid waste facility" means any of the following:

(a) A solid waste facility other than a CCR unit that ceases storing, treating, processing or receiving for disposal solid waste before the effective date of design and operation rules for that type of facility adopted pursuant to section 49-761.

(b) A public solid waste landfill that meets any of the following criteria:

(i) Ceased receiving solid waste before July 1, 1983.

(ii) Ceased receiving solid waste and received at least two feet of cover material before January 1, 1986.

(iii) Received approval for closure from the department AFTER COMPLETING A POST CLOSURE CARE AND MONITORING PLAN AS REQUIRED BY PERMIT OR PLAN APPROVAL.

(c) A public composting plant or a public incinerating facility that closed in accordance with an approved plan.

~~(d) A CCR unit when placement of CCR in a CCR unit has ceased and the owner or operator has completed closure of the CCR unit and has initiated postclosure care in accordance with 40 Code of Federal Regulations part 257, subpart D or in accordance with a program approved by the United States environmental protection agency under 42 United States Code section 6945(d)(1).~~

10. "Coal combustion residuals" or "CCR" means fly ash, bottom ash, boiler slag and flue gas desulfurization materials generated from burning coal for the purpose of generating electricity by electric utilities and independent power producers.

11. "Coal combustion residuals landfill" or "CCR landfill":

(a) Means an area of land or an excavation that receives CCR and that is not a surface impoundment, an underground injection well, a salt dome formation, a salt bed formation, an underground or surface coal mine or a cave.

(b) Includes sand and gravel pits and quarries that receive CCR or CCR piles and any use of CCR that does not meet the definition of a beneficial use of CCR.

12. "Coal combustion residuals unit" or "CCR unit":

(a) Means any CCR landfill, CCR surface impoundment or lateral expansion of a CCR unit or a combination of more than one of these units.

(b) Includes both new and existing units, unless otherwise specified.

~~13. "Conditionally exempt small quantity generator waste" means hazardous waste in quantities as defined by rules adopted pursuant to section 49-922.~~

~~14.~~ 13. "Construction debris" means solid waste derived from the construction, repair or remodeling of buildings or other structures.

~~15.~~ 14. "County" means:

(a) The board of supervisors in the context of the exercise of powers or duties.

(b) The unincorporated areas in the context of area of jurisdiction.

~~16.~~ 15. "Demolition debris" means solid waste derived from the demolition of buildings or other structures.

~~17.~~ 16. "Depolymerization" means a manufacturing process through which post-use polymers are broken into smaller molecules such as monomers and oligomers or raw, intermediate or final products, plastics and chemical feedstocks, basic and unfinished chemicals, crude oil, naphtha, liquid transportation fuels, waxes, lubricants, coatings and other basic hydrocarbons.

~~18.~~ 17. "Discharge" has the same meaning prescribed in section 49-201.

~~19.~~ 18. "Existing CCR landfill" means a CCR landfill that receives CCR both before and after October 19, 2015, or for which construction commenced before October 19, 2015 and that receives CCR on or after October 19, 2015. For the purposes of this paragraph, "commenced construction" means the owner or operator of a CCR landfill has obtained the federal, state and local approvals or permits necessary to begin physical construction and a continuous on site, physical construction program had begun before October 19, 2015.

~~20.~~ 19. "Existing CCR surface impoundment" means a CCR surface impoundment that meets one of the following conditions:

(a) Receives CCR both before and after October 19, 2015.

(b) For which construction commenced before October 19, 2015 and that receives CCR on or after October 19, 2015. For the purposes of this paragraph, "commenced construction" means the owner or operator of a CCR surface impoundment has obtained the federal, state~~,~~ and local approvals or permits necessary to begin physical construction and a continuous on site, physical construction program had begun ~~prior to~~ BEFORE October 19, 2015.

~~21.~~ 20. "Existing solid waste facility" means a solid waste facility other than a CCR unit that begins construction or is in operation on the effective date of the design and operation rules adopted by the director pursuant to section 49-761 for that type of solid waste facility.

~~22.~~ 21. "Facility plan" means any design or operating plan for a solid waste facility or group of solid waste facilities other than a permit issued under article 11 of this chapter.

~~23.~~ 22. "40 C.F.R. part 257, subparts A and B" means 40 Code of Federal Regulations part 257, subparts A and B in effect on May 1, 2004.

~~24.~~ 23. "40 C.F.R. part 258" means 40 Code of Federal Regulations part 258 in effect on May 1, 2004.

~~25.~~ 24. "Gasification" means a manufacturing process through which recovered feedstocks are heated and converted into a fuel and gas mixture in an oxygen-deficient atmosphere and the mixture is converted into valuable raw, intermediate and final products, including plastic monomers, chemicals, waxes, lubricants, chemical feedstocks, crude oil, diesel, gasoline, diesel and gasoline blendstocks, home heating oil and other fuels, including ethanol and transportation fuel, that are returned to economic utility in the form of raw materials, products or fuels.

~~26.~~ 25. "Household hazardous waste" means solid waste as described in 40 Code of Federal Regulations section 261.4(b)(1) as incorporated by reference in the rules adopted pursuant to chapter 5 of this title.

~~27.~~ 26. "Household waste":

(a) Means any solid waste, including garbage, rubbish and sanitary waste from septic tanks, that is generated from households, including single and multiple-family residences, hotels and motels, bunkhouses,

ranger stations, crew quarters, campgrounds, picnic grounds and day use recreation areas.

(b) Does not include construction debris, landscaping rubble or demolition debris.

~~28.~~ 27. "Inert material":

(a) Means material that satisfies all of the following conditions:

(i) Is not flammable.

(ii) Will not decompose.

(iii) Will not leach substances in concentrations that exceed applicable aquifer water quality standards prescribed by section 49-201, paragraph 22 when subjected to a water leach test that is designed to approximate natural infiltrating waters.

(b) Includes concrete, asphaltic pavement, brick, rock, gravel, sand, soil and metal, if used as reinforcement in concrete.

(c) Does not include special waste, hazardous waste, glass or other metal.

~~29.~~ 28. "Land disposal" means placement of solid waste in or on land.

~~30.~~ 29. "Landscaping rubble" means material that is derived from landscaping or reclamation activities and that may contain inert material and not more than ten percent by volume of vegetative waste.

~~31.~~ 30. "Lateral expansion" means, for the purposes of the coal combustion residuals program established pursuant to article 11 of this chapter, a horizontal expansion of the waste boundaries of an existing CCR landfill or existing CCR surface impoundment made after October 19, 2015.

~~32.~~ 31. "Management agency" means any person responsible for the day-to-day operation, maintenance and management of a particular public facility or group of public facilities.

~~33.~~ 32. "Medical waste":

(a) Means any solid waste that is generated in the diagnosis, treatment or immunization of a human being or animal or in any research relating to that diagnosis, treatment or immunization, or in the production or testing of biologicals.

(b) Includes discarded drugs.

(c) Does not include hazardous waste as defined in section 49-921 other than ~~conditionally exempt~~ VERY small quantity generator waste.

~~34.~~ 33. "Municipal solid waste landfill" means any solid waste landfill that accepts household waste, household hazardous waste or ~~conditionally exempt~~ VERY small quantity generator waste.

~~35.~~ 34. "New solid waste facility" means a solid waste facility that begins construction or operation after the effective date of design and operating rules that are adopted pursuant to section 49-761 or article 11 of this chapter for that type of solid waste facility.

~~36.~~ 35. "On site" means the same or geographically contiguous property that may be divided by public or private right-of-way if the

entrance and exit between the properties are at a crossroads intersection and access is by crossing the right-of-way and not by traveling along the right-of-way. Noncontiguous properties that are owned by the same person and connected by a right-of-way that is controlled by that person and to which the public does not have access are deemed on site property. Noncontiguous properties that are owned or operated by the same person regardless of right-of-way control are also deemed on site property.

~~37.~~ 36. "Person" means any public or private corporation, company, partnership, firm, association or society of persons, the federal government and any of its departments or agencies, this state or any of its agencies, departments, political subdivisions, counties, towns or municipal corporations, as well as a natural person.

~~38.~~ 37. "Post-use polymer":

(a) Means a plastic to which all of the following apply:

(i) The plastic is derived from any industrial, commercial, agricultural or domestic activities.

(ii) The plastic is not mixed with solid waste or hazardous waste on site or during processing at the advanced recycling facility.

(iii) The plastic's use or intended use is as a feedstock for manufacturing crude oil, fuels, feedstocks, blendstocks, raw materials or other intermediate products or final products using advanced recycling.

(iv) The plastic has been sorted from solid waste and other regulated waste but may contain residual amounts of solid waste such as organic material and incidental contaminants or impurities such as paper labels and metal rings.

(v) The plastic is processed at an advanced recycling facility or held at an advanced recycling facility before processing.

(b) Does not include solid waste or municipal waste.

~~39.~~ 38. "Process" or "processing" means the reduction, separation, recovery, conversion or recycling of solid waste.

~~40.~~ 39. "Public solid waste facility" means a transfer facility and any site owned, operated or used by any person for the storage, processing, treatment or disposal of solid waste that is not generated on site.

~~41.~~ 40. "Pyrolysis" means a manufacturing process through which post-use polymers are heated in the absence of oxygen until melted, are thermally decomposed and are then cooled, condensed and converted into valuable raw, intermediate and final products, including plastic monomers, chemicals, waxes, lubricants, chemical feedstocks, crude oil, diesel, gasoline, diesel and gasoline blendstocks, home heating oil and other fuels, including ethanol and transportation fuel, that are returned to economic utility in the form of raw materials, products or fuels.

~~42.~~ 41. "Recovered feedstocks":

(a) Means one or more of the following materials that have been processed so that they may be used as feedstock in an advanced recycling facility:

(i) Post-use polymers.

(ii) Materials for which the United States environmental protection agency has made a nonwaste determination pursuant to 40 Code of Federal Regulations section 241.3(c) or has otherwise determined are feedstocks and not solid waste.

(b) Does not include:

(i) Unprocessed municipal solid waste.

(ii) Materials that are mixed with solid waste or hazardous waste on site or during processing at an advanced recycling facility.

~~43.~~ 42. "Recycling facility" means a solid waste facility that is owned, operated or used for the storage, treatment or processing of recyclable solid waste ~~and that handles wastes that have a significant adverse effect on the environment~~.

~~44.~~ 43. "Salvaging" means the removal of solid waste from a solid waste facility with the permission and in accordance with rules or ordinances of the management agency for purposes of productive reuse.

~~45.~~ 44. "Scavenging" means the unauthorized removal of solid waste from a solid waste facility.

~~46.~~ 45. "Solid waste facility" means a transfer facility and any site owned, operated or used by any person for the storage, processing, treatment or disposal of solid waste, ~~conditionally exempt~~ VERY small quantity generator waste or household hazardous waste but does not include the following:

(a) A site at which less than one ton of solid waste that is not household waste, household hazardous waste, ~~conditionally exempt~~ VERY small quantity generator waste, medical waste or special waste and that was generated on site is stored, processed, treated or disposed in compliance with section 49-762.07, subsection F.

(b) A site at which solid waste that was generated on site is stored for ninety days or less.

(c) A site at which nonputrescible solid waste that was generated on site in amounts of less than one thousand kilograms per month per type of nonputrescible solid waste is stored and contained for one hundred eighty days or less.

(d) A site that stores, treats or processes paper, glass, wood, cardboard, household textiles, scrap metal, plastic, vegetative waste, aluminum, steel or other recyclable material and that is not a waste tire facility, a transfer facility or a recycling facility.

(e) A site where sludge from a wastewater treatment facility is applied to the land as a fertilizer or beneficial soil amendment in accordance with sludge application requirements.

(f) A closed solid waste facility.

(g) A solid waste landfill that is performing or has completed postclosure care before July 1, 1996 in accordance with an approved postclosure plan.

(h) A closed solid waste landfill performing a onetime removal of solid waste from the closed solid waste landfill, if the operator provides a written notice that describes the removal project to the department within thirty days after completion of the removal project.

(i) A site where solid waste generated in street sweeping activities is stored, processed or treated before disposal at a solid waste facility authorized under this chapter.

(j) A site where solid waste generated at either a drinking water treatment facility or a wastewater treatment facility is stored, processed, or treated on site before disposal at a solid waste facility authorized under this chapter, and any discharge is regulated pursuant to chapter 2, article 3 of this title.

(k) A closed solid waste landfill where development activities occur on the property or where excavation or removal of solid waste is performed for maintenance and repair if the following conditions are met:

(i) When the project is completed there will not be an increase in leachate that would result in a discharge.

(ii) When the project is completed the concentration of methane gas will not exceed twenty-five percent of the lower explosive limit in on-site structures, or the concentration of methane gas will not exceed the lower explosive limit at the property line.

(iii) Protection has been provided to prevent remaining waste from causing any vector, odor, litter or other environmental nuisance.

(iv) The operator provides a notice to the department containing the information required by section 49-762.07, subsection A, paragraphs 1, 2 and 5 and a brief description of the project.

(l) Agricultural on-site disposal as provided in section 49-766.

(m) The use, storage, treatment or disposal of by-products of regulated agricultural activities as defined in section 49-201 and that are subject to best management practices pursuant to section 49-247 or by-products of livestock, range livestock and poultry as defined in section 3-1201, pesticide containers that are regulated pursuant to title 3, chapter 2, article 6 or other agricultural crop residues.

(n) Household hazardous waste collection events held at a temporary site for not more than six days in any calendar quarter.

(o) Wastewater treatment facilities as defined in section 49-1201.

(p) An on-site single-family household waste composting facility.

(q) A site at which five hundred or fewer waste tires are stored.

(r) A site at which mining industry off-road waste tires are stored or are disposed of as prescribed by rules in effect on February 1, 1996, until the director by rule determines that on-site recycling methods exist that are technically feasible and economically practical.

(s) A site at which underground piping, conduit, pipe covering or similar structures are abandoned in place in accordance with applicable state and federal laws.

(t) An advanced recycling facility that converts recovered feedstocks to manufacture raw materials and intermediate and final products.

~~47.~~ 46. "Solid waste landfill":

(a) Means a facility, area of land or excavation in which solid wastes are placed for permanent disposal.

(b) Does not include a land application unit, surface impoundment, injection well, coal combustion residuals landfill, compost pile or waste pile or an area containing ash from the on-site combustion of coal that does not contain household waste, household hazardous waste or ~~conditionally exempt~~ VERY small quantity generator waste.

~~48.~~ 47. "Solid waste management" means the systematic administration of activities that provide for the collection, source separation, storage, transportation, transfer, processing, treatment or disposal of solid waste in a manner that protects public health and safety and the environment and prevents and abates environmental nuisances.

~~49.~~ 48. "Solid waste management plan" means the plan that is adopted pursuant to section 49-721 and that provides guidelines for the collection, source separation, storage, transportation, processing, treatment, reclamation and disposal of solid waste in a manner that protects public health and safety and the environment and prevents and abates environmental nuisances.

~~50.~~ 49. "Solvolysis":

(a) Means a manufacturing process through which post-use polymers are purified with the aid of solvents, allowing additives and contaminants to be removed and producing polymers capable of being recycled or reused without first being reverted to a monomer.

(b) Includes hydrolysis, aminolysis, ammonoloysis, methanolysis and glycolysis.

~~51.~~ 50. "Storage" means the holding of solid waste.

~~52.~~ 51. "Transfer facility":

(a) Means a site that is owned, operated or used by any person for the rehandling or storage for ninety days or less of solid waste that was generated off site for the primary purpose of transporting that solid waste.

(b) Includes those facilities that include significant solid waste transfer activities that warrant the facility's regulation as a transfer facility.

~~53.~~ 52. "Treatment" means any method, technique or process used to change the physical, chemical or biological character of solid waste so as to render that waste safer for transport, amenable for processing, amenable for storage or reduced in volume.

~~54.~~ 53. "Vegetative waste":

(a) Means waste derived from plants, including tree limbs and branches, stumps, grass clippings and other waste plant material.

(b) Does not include processed lumber, paper, cardboard and other manufactured products that are derived from plant material.

54. "VERY SMALL QUANTITY GENERATOR WASTE" MEANS HAZARDOUS WASTE IN QUANTITIES AS DEFINED BY RULES ADOPTED PURSUANT TO SECTION 49-922.

55. "Waste pile" means any noncontainerized accumulation of solid, nonflowing waste that is used for treatment or storage.

56. Waste tire does not include tires used for agricultural purposes as bumpers on agricultural equipment or as ballast to maintain covers at an agricultural site, or any tire disposed of using any of the methods in section 44-1304, subsection D, paragraphs 1, 2, 3, 5 through 8 and 11 and means any of the following:

(a) A tire that is no longer suitable for its original intended purpose because of wear, damage or defect.

(b) A tire that is removed from a motor vehicle and is retained for further use.

(c) A tire that has been chopped or shredded.

57. "Waste tire facility" means a solid waste facility at which five thousand or more waste tires are stored outdoors on any day.

Sec. 8. Section 49-766, Arizona Revised Statutes, is amended to read:

49-766. Agricultural landfills; notice

A. A single family residence located on a farm or ranch of more than forty acres in an unincorporated area may operate on site a landfill for the disposal of solid waste resulting from the residents' household activities. The owner or operator of the farm or ranch shall comply with all of the following:

1. The landfill does not violate the floodplain provisions of section 49-772, subsection C or the wetland provisions of section 49-772, subsection D.

2. The owner or operator submits to the ~~local~~ board of supervisors a location map and a written, general description of the landfill by October 21, 1994, or if solid waste disposal begins after April 24, 1994, within thirty days after disposing of solid waste.

3. The landfill does not create an environmental nuisance.

B. A person engaged in farming or ranching on at least forty acres in an unincorporated area may operate an agricultural landfill on the property for disposal of solid waste, but not hazardous waste, generated on the property. The person shall comply with all of the following:

1. The landfill does not accept household waste, household hazardous waste or ~~conditionally exempt~~ VERY small QUANTITY generator waste.

2. The owner or operator submits to the board of supervisors or its designee a location map and a written, general description of the landfill by October 21, 1994, or if solid waste disposal begins after April 24, 1994, within thirty days after disposing of solid waste.

3. The landfill does not violate the floodplain provisions of section 49-772, subsection C or the wetland provisions of section 49-772, subsection D.

4. The landfill does not create an environmental nuisance.

Sec. 9. Section 49-891, Arizona Revised Statutes, is amended to read:

49-891. Coal combustion residuals program; rules; incorporation by reference

A. The director may adopt rules to establish and operate a coal combustion residuals program equivalent to or at least as protective as the federal coal combustion residuals program under 40 Code of Federal Regulations part 257, subpart D for the purpose of obtaining approval to operate the federal CCR program. Federal coal combustion residuals regulations may be adopted by reference. Rules adopted pursuant to this subsection shall not be more or less stringent than or conflict with 40 Code of Federal regulations part 257, subpart D for nonprocedural standards, except that the department may adopt aquifer protection standards that are more stringent than 40 Code of Federal regulations part 257, subpart D if these standards are developed pursuant to chapter 2, article 3 of this title.

B. Rules adopted pursuant to subsection A of this section shall not be more or less stringent than or conflict with 40 Code of Federal Regulations part 257, subpart D for nonprocedural standards, except that the department shall adopt those portions of the dam safety standards THAT ARE developed pursuant to title 45, chapter 6, article 1, ~~and~~ THAT are in existence for CCR surface impoundments on September 24, 2022 AND that are more stringent than 40 Code of Federal Regulations part 257, subpart D.

C. The rules authorized by subsection A of this section shall provide requirements for issuing, denying, suspending or modifying individual CCR permits, including:

1. Requirements for submitting notices, permit applications and any additional information necessary to determine whether a permit should be issued.

2. Recordkeeping, reporting and compliance schedule requirements in the permit.

3. A permit life of ten years, after which the permit shall be renewed.

4. Adequate opportunities for public participation during CCR permit processing.

5. Other terms and conditions as the director deems necessary to ensure compliance with this article.

D. The rules for CCR permits shall include:

1. Permit processing fees from the applicant to cover the cost of administrative services and other expenses associated with evaluating the application and issuing or denying the permit, beginning when an application is submitted.

2. Annual fees for the program approved by the United States environmental protection agency beginning after CCR program approval.

E. The fees authorized by this section shall be deposited, pursuant to sections 35-146 and 35-147, in the solid waste fee fund established by section 49-881.

F. ~~Within one hundred eighty days~~ After the effective date of design and operation rules adopted by the director for coal combustion residuals facilities pursuant to this section, facilities with CCR units may submit to the department a permit application covering each CCR unit at the facility. Facilities with CCR units shall submit to the department a permit application covering each CCR unit at the facility within one hundred eighty days of CCR program approval.

Sec. 10. Conditional enactment

Section 49-542, Arizona Revised Statutes, as amended by Laws 2021, chapter 27, section 3 and chapter 116, section 1 and this act, becomes effective on the date prescribed by Laws 2021, chapter 27, section 9, as amended by Laws 2023, chapter 78, section 1, but only on the occurrence of the condition prescribed by Laws 2021, chapter 27, section 9, as amended by Laws 2023, chapter 78, section 1.