

REFERENCE TITLE: state debt payoff

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

## **HB 2725**

Introduced by  
Representatives Cook: Livingston

AN ACT

AMENDING SECTIONS 9-602 AND 15-1670, ARIZONA REVISED STATUTES;  
APPROPRIATING MONIES; RELATING TO PUBLIC DEBT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-602, Arizona Revised Statutes, is amended to  
3 read:

4 9-602. Fund operation

5 A. The Arizona convention center development fund consists of  
6 monies deposited pursuant to sections 42-5029 and 42-5030.

7 B. The state treasurer shall administer the fund. The state  
8 treasurer shall invest and divest monies in the fund as provided by  
9 section 35-313 as needed to facilitate distributions from the fund, and  
10 monies earned from investment shall be credited to the fund.

11 C. On or before August 1 of each year, the state treasurer shall  
12 distribute the amounts computed in subsection D of this section to each  
13 eligible city that has filed a certificate of completion of construction  
14 pursuant to section 9-622 for each eligible project under section 9-605.

15 D. The amount to be distributed pursuant to subsection C of this  
16 section shall be computed by dividing the total cost of the eligible  
17 project not funded from municipal sources as identified in the certificate  
18 of completion of construction filed pursuant to section 9-622 by ~~three~~  
19 ~~hundred million~~ \$300,000,000 and multiplying the quotient by the following  
20 amounts:

- 21 1. In fiscal year 2009-2010, ~~five million dollars~~ \$5,000,000.
- 22 2. In fiscal year 2010-2011, ~~ten million dollars~~ \$10,000,000.
- 23 3. In fiscal year 2011-2012, ~~zero dollars~~ \$0.
- 24 4. In fiscal year 2012-2013, \$5,595,000.
- 25 5. In fiscal years 2013-2014, 2014-2015, 2015-2016 and 2016-2017,  
26 \$20,449,000.
- 27 6. In fiscal year 2017-2018, \$22,499,000.
- 28 7. In fiscal year 2018-2019, \$22,996,250.
- 29 8. In fiscal year 2019-2020, \$23,499,950.
- 30 9. In fiscal year 2020-2021, \$23,997,900.
- 31 10. In fiscal year 2021-2022, \$24,498,450.
- 32 11. In fiscal year 2022-2023, \$24,999,400.
- 33 12. In fiscal year 2023-2024, \$25,498,550.
- 34 ~~13. In fiscal year 2024-2025, \$25,998,700.~~
- 35 ~~14. In fiscal year 2025-2026, \$26,497,375.~~
- 36 ~~15. In fiscal year 2026-2027, \$26,997,100.~~
- 37 ~~16. In fiscal year 2027-2028, \$27,495,125.~~
- 38 ~~17. In fiscal year 2028-2029, \$27,998,700.~~
- 39 ~~18. In fiscal year 2029-2030, \$28,499,525.~~
- 40 ~~19. In fiscal year 2030-2031, \$28,999,575.~~
- 41 ~~20. In fiscal year 2031-2032, \$29,495,550.~~
- 42 ~~21. In fiscal year 2032-2033, \$29,999,150.~~
- 43 ~~22. In fiscal year 2033-2034, \$29,996,250.~~
- 44 ~~23. In fiscal year 2034-2035, \$29,995,775.~~
- 45 ~~24. In fiscal year 2035-2036, \$29,999,975.~~

- 1 ~~25. In fiscal year 2036-2037, \$29,995,825.~~
- 2 ~~26. In fiscal year 2037-2038, \$29,995,850.~~
- 3 ~~27. In fiscal year 2038-2039, \$29,996,750.~~
- 4 ~~28. In fiscal year 2039-2040, \$29,995,225.~~
- 5 ~~29. In fiscal year 2040-2041, \$29,997,975.~~
- 6 ~~30. In fiscal year 2041-2042, \$29,996,150.~~
- 7 ~~31. In fiscal year 2042-2043, \$29,996,175.~~
- 8 ~~32. In fiscal year 2043-2044, \$29,998,925.~~

9 E. If sufficient distributions have been made to provide for all of  
 10 the uses of the fund monies pursuant to section 9-603 for an eligible  
 11 project, the chief financial officer of the eligible city shall certify to  
 12 the state treasurer that ~~no~~ additional distributions are NOT required for  
 13 the project, and on receiving the certification the state treasurer shall  
 14 NOT make ~~no~~ further distributions to the city for that project.

15 F. After DISTRIBUTION the ~~distributions~~ AMOUNTS required by  
 16 subsection C of this section, any monies remaining in the fund on receipt  
 17 of the certification of satisfaction of annual obligations pursuant to  
 18 section 9-623, or on the first Monday in August if a certificate of  
 19 completion of construction has not been previously filed pursuant to  
 20 section 9-622, shall be transferred to the state general fund.

21 Sec. 2. Section 15-1670, Arizona Revised Statutes, is amended to  
 22 read:

23 15-1670. Appropriations for university research  
 24 infrastructure facilities; university transfers;  
 25 annual report; definitions

26 A. In fiscal years 2017-2018 through ~~2030-2031~~ 2023-2024, the  
 27 following sums are appropriated from the state general fund to Arizona  
 28 state university for lease-purchase capital financing for research  
 29 infrastructure projects:

- 30 1. In fiscal year 2017-2018, \$13,481,000.
- 31 2. In fiscal year 2018-2019, \$13,478,700.
- 32 3. In fiscal year 2019-2020, \$13,456,300.
- 33 4. In fiscal year 2020-2021, \$13,458,700.
- 34 5. In fiscal year 2021-2022, \$13,451,900.
- 35 6. In fiscal year 2022-2023, \$13,462,100.
- 36 7. In fiscal year 2023-2024, \$13,468,200.
- 37 ~~8. In fiscal year 2024-2025, \$13,459,300.~~
- 38 ~~9. In fiscal year 2025-2026, \$13,453,900.~~
- 39 ~~10. In fiscal year 2026-2027, \$13,450,100.~~
- 40 ~~11. In fiscal year 2027-2028, \$13,436,200.~~
- 41 ~~12. In fiscal year 2028-2029, \$13,430,800.~~
- 42 ~~13. In fiscal year 2029-2030, \$13,423,500.~~
- 43 ~~14. In fiscal year 2030-2031, \$13,428,800.~~

44 B. In fiscal years 2017-2018 through ~~2030-2031~~ 2023-2024, the  
 45 following sums are appropriated from the state general fund to the

1 university of Arizona for lease-purchase capital financing for research  
2 infrastructure projects:

- 3 1. In fiscal year 2017-2018, \$14,249,300.
- 4 2. In fiscal year 2018-2019, \$14,251,000.
- 5 3. In fiscal year 2019-2020, \$14,250,200.
- 6 4. In fiscal year 2020-2021, \$14,251,500.
- 7 5. In fiscal year 2021-2022, \$14,248,900.
- 8 6. In fiscal year 2022-2023, \$14,252,500.
- 9 7. In fiscal year 2023-2024, \$14,255,300.
- 10 ~~8. In fiscal year 2024-2025, \$14,247,300.~~
- 11 ~~9. In fiscal year 2025-2026, \$14,248,400.~~
- 12 ~~10. In fiscal year 2026-2027, \$14,251,300.~~
- 13 ~~11. In fiscal year 2027-2028, \$14,254,100.~~
- 14 ~~12. In fiscal year 2028-2029, \$14,251,500.~~
- 15 ~~13. In fiscal year 2029-2030, \$14,252,500.~~
- 16 ~~14. In fiscal year 2030-2031, \$14,255,800.~~

17 C. In fiscal years 2017-2018 through ~~2030-2031~~ 2023-2024, the  
18 following sums are appropriated from the state general fund to northern  
19 Arizona university for lease-purchase capital financing for research  
20 infrastructure projects:

- 21 1. In fiscal year 2017-2018, \$5,896,500.
- 22 2. In fiscal year 2018-2019, \$5,896,200.
- 23 3. In fiscal year 2019-2020, \$5,899,500.
- 24 4. In fiscal year 2020-2021, \$4,879,500.
- 25 5. In fiscal year 2021-2022, \$5,039,800.
- 26 6. In fiscal year 2022-2023, \$5,301,500.
- 27 7. In fiscal year 2023-2024, \$5,302,900.
- 28 ~~8. In fiscal year 2024-2025, \$4,885,500.~~
- 29 ~~9. In fiscal year 2025-2026, \$4,884,500.~~
- 30 ~~10. In fiscal year 2026-2027, \$4,884,300.~~
- 31 ~~11. In fiscal year 2027-2028, \$4,894,000.~~
- 32 ~~12. In fiscal year 2028-2029, \$4,888,400.~~
- 33 ~~13. In fiscal year 2029-2030, \$4,892,000.~~
- 34 ~~14. In fiscal year 2030-2031, \$4,889,300.~~

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

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

39 E. The appropriations MADE under subsections A, B and C of this  
40 section constitute continuing year-to-year appropriations but do not  
41 constitute an obligation of the legislature or this state to continue the  
42 appropriation in any fiscal year. The annual appropriation is a current  
43 expense of this state in the fiscal year in which it occurs and is not a  
44 general obligation indebtedness of this state or of any university. If  
45 the appropriation is discontinued in any fiscal year, this state and the

1 university are relieved of any subsequent obligation pursuant to this  
2 section.

3 F. Beginning in fiscal year 2018-2019 and in each subsequent fiscal  
4 year for which an appropriation is made pursuant to subsections A, B and C  
5 of this section, for each individual licensure agreement, royalty  
6 agreement or agreement for the sale or transfer of intellectual property  
7 developed by a university that is entered into by the university or a  
8 component unit of the university and for which the net income for the  
9 individual agreement reaches \$1,000,000 over its cumulative lifetime, each  
10 university shall transfer to the state treasurer not later than October 1  
11 following the close of the fiscal year an amount equal to twenty percent  
12 of the cumulative net income exceeding the \$1,000,000 threshold minus  
13 amounts deposited in previous years. The state treasurer shall deposit  
14 the monies received from the universities pursuant to this subsection in  
15 the financial aid trust fund established pursuant to section 15-1642.

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

20 H. The amount transferred to the state treasurer in each fiscal  
21 year by each university pursuant to subsection F of this section shall not  
22 exceed the amount appropriated in that fiscal year under subsection A, B  
23 or C of this section and section 15-1671, subsections B and C,  
24 respectively.

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

30 J. For the purposes of this section:

31 1. "Component unit of the university":

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

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

36 2. "Net income" means payments received from individual licensure  
37 and royalty agreements and the sale or transfer of intellectual property  
38 developed by the university, net of expenses related to individual  
39 agreements. For the purposes of this paragraph, "expenses related to  
40 individual agreements" includes any of the following:

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

43 (b) Expenses related to pursuing, maintaining or protecting  
44 intellectual property.

1 (c) Expenses related to commercializing, licensing or litigating  
2 intellectual property.

3 (d) Contractually required distributions to third parties.

4 (e) Reimbursement holds related to future contractual  
5 reimbursements.

6 (f) Operational management fees.

7 3. "Research infrastructure" means installations and facilities for  
8 continuance and growth of scientific and technological research activities  
9 at the university.

10 Sec. 3. Supplemental appropriations; department of  
11 administration; Arizona board of regents; financing  
12 agreements; notification; exemption; reversion

13 A. In addition to any other appropriations made in fiscal year  
14 2023-2024, the sum of \$411,000,000 is appropriated from the state general  
15 fund in fiscal year 2023-2024 to the department of administration to pay  
16 for the retirement or defeasance of the financing agreements entered into  
17 pursuant to section 41-791.04, Arizona Revised Statutes.

18 B. In addition to any other appropriations made in fiscal year  
19 2023-2024, the sum of \$194,500,000 is appropriated from the state general  
20 fund in fiscal year 2023-2024 to the Arizona board of regents for and on  
21 behalf of each state university to pay for the retirement or defeasance of  
22 the lease-purchase capital financing agreements entered into pursuant to  
23 section 15-1670, Arizona Revised Statutes, as amended by this act.

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

29 D. The executive director of the Arizona board of regents shall  
30 notify the director of the joint legislative budget committee not more  
31 than ten days after each retirement or defeasance is executed as required  
32 in subsection B of this section. Each notification shall include the date  
33 and final cost of each retirement or defeasance.

34 E. The monies appropriated in subsections A and B of this section  
35 are exempt from the provisions of section 35-190, Arizona Revised  
36 Statutes, relating to the lapsing of appropriations. Any amounts  
37 remaining from the appropriations made in fiscal year 2023-2024 for debt  
38 service by sections 9-602 and 15-1670, Arizona Revised Statutes, as  
39 amended by this act, and any amounts remaining after the retirements or  
40 defeasances are executed as required by this section revert to the state  
41 general fund.