

REFERENCE TITLE: state agencies; cash payment; acceptance

State of Arizona
Senate
Fifty-sixth Legislature
Second Regular Session
2024

SB 1365

Introduced by
Senators Bolick; Fernandez; Representative Wilmeth

AN ACT

AMENDING SECTION 35-142, ARIZONA REVISED STATUTES; RELATING TO FISCAL PROVISIONS FOR STATE AGENCIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 35-142, Arizona Revised Statutes, is amended to
3 read:

4 35-142. Monies kept in funds separate from state general
5 fund; receipt and withdrawal

6 A. All monies received for and belonging to ~~the~~ THIS state shall be
7 deposited in the state treasury and credited to the state general fund
8 except the following, which shall be placed and retained in separate
9 funds:

10 1. The unexpendable principal of monies received from federal land
11 grants shall be placed in separate funds, and the account of each separate
12 fund shall bear a title indicating the source and the institution or
13 purpose to which the fund belongs.

14 2. The interest, rentals and other expendable monies received as
15 income from federal land grants shall be placed in separate accounts, each
16 account bearing a title indicating the source and the institution or
17 purpose to which the fund belongs. Such expendable monies shall be
18 expended only as authorized, regulated and controlled by the general
19 appropriations act or other act of the legislature.

20 3. All private or quasi-private monies authorized by law to be paid
21 to or held by the state treasurer shall be placed in separate accounts,
22 each account bearing a title indicating the source and purpose of the
23 fund.

24 4. All monies legally pledged to retire building indebtedness or
25 bonds issued by those institutions authorized to incur such indebtedness
26 or to issue such bonds shall be placed in separate accounts.

27 5. Monies of a multi-county water conservation district authorized
28 by law to be paid to or held by the state treasurer shall be placed in
29 separate accounts, each account bearing a title indicating the source and
30 purpose of the fund.

31 6. All monies collected by the Arizona game and fish department
32 shall be deposited in a special fund known as the state game and fish
33 protection fund for the use of the Arizona game and fish commission in
34 carrying out title 17.

35 7. All federal monies that are received by the department of
36 economic security for family assistance benefits and medical eligibility
37 as a result of efficiencies developed by the department of economic
38 security and that would otherwise revert to the state general fund
39 pursuant to section 35-190 shall be retained for use by the department of
40 economic security in accordance with the terms and conditions imposed by
41 the federal funding source in an account or accounts established or
42 authorized by the state treasurer.

43 8. Monies designated by law as special state funds shall not be
44 considered a part of the state general fund. Unless otherwise prescribed
45 by law, the state treasurer shall be the custodian of all such funds.

1 9. All monies received and any accounts established and maintained
2 by the director of the Arizona state retirement system or the
3 administrator of the public safety personnel retirement system, the
4 corrections officer retirement plan and the elected officials' retirement
5 plan.

6 10. Monies received by a state agency or institution as a gift,
7 devise or donation shall not be considered a part of the state general
8 fund or transferred to the state general fund unless the gift, devise or
9 donation specifically authorizes a general state use for the monies. A
10 state agency or institution that receives a monetary gift, devise or
11 donation shall account for those monies separately.

12 11. All monies received by the Arizona game and fish commission in
13 connection with clean water act in-lieu fee projects shall be deposited in
14 a special trust fund, known as the game and fish in-lieu fee program
15 restoration endowment trust fund, established by section 17-265 for the
16 use of the Arizona game and fish commission solely for the following:

17 (a) The purposes authorized under any enabling instrument between
18 the commission and the department of environmental quality or between the
19 commission, the United States army corps of engineers and the United
20 States environmental protection agency.

21 (b) Site selection, design, implementation, monitoring, management
22 and administrative costs related to the Arizona game and fish department's
23 responsibilities as an in-lieu fee sponsor pursuant to sections 401 and
24 404 of the clean water act.

25 B. Monies shall not be received or held by the state treasurer
26 except as authorized by law, and in every instance the treasurer shall
27 issue a receipt for monies received and shall record the transaction in
28 the statewide accounting system. Monies shall not be withdrawn from the
29 treasury except on the warrant, check or substitute check, or electronic
30 funds transfer voucher of the department of administration.

31 C. Monies received for and belonging to this state and resulting
32 from compromises or settlements by or against this state, excluding
33 restitution and reimbursement to state agencies for costs or attorney
34 fees, shall be credited to the state general fund unless specifically
35 credited to another fund by law. A fund consisting of monies other than
36 monies received for restitution, costs or attorney fees shall not be
37 established by a court order without prior legislative authorization. For
38 the purposes of this subsection, "restitution" means monies intended to
39 compensate a specific, identifiable person, including this state, for
40 economic loss.

41 D. All federal monies granted and paid to this state by the federal
42 government shall be accounted for in the accounts or funds of this state
43 in the necessary detail to meet federal and state accounting, budgetary
44 and auditing requirements, and all appropriations for matching such
45 federal monies shall be transferred from the state general fund to such

1 separate funds as needed, except as otherwise required by the federal
2 government.

3 E. This section does not require the establishment of separate
4 accounts or funds for such federal monies unless otherwise required by
5 federal or state law. The department of administration may use the most
6 efficient system of accounts and records, consistent with legal
7 requirements and standard and necessary fiscal safeguards.

8 F. This section does not preclude the department of administration
9 from establishing a clearing account or other acceptable accounting method
10 to effect prompt payment of claims from an approved budget or
11 appropriation. The department of administration shall report each account
12 or fund established or cancelled to the directors of the joint legislative
13 budget committee and the governor's office of strategic planning and
14 budgeting.

15 G. This section and any other section do not preclude the use of
16 monies kept in funds separate from the state general fund, the interest
17 from which accrues to the state general fund, to pay claims against the
18 state general fund if sufficient monies remain available to pay claims
19 against such funds.

20 H. The department of administration may issue warrants, checks or
21 electronic funds transfer vouchers for qualified expenditures of federal
22 program monies before they are deposited in the state treasury. The
23 receipt of federal monies shall be timed to coincide, as closely as
24 administratively feasible, with the redemption of warrants, checks or
25 substitute checks, or electronic funds transfer vouchers by the state
26 treasurer. The department of administration shall limit expenditures to
27 the amount that has been made available to use under the grant award by
28 the federal government. The state agency initiating the expenditures is
29 responsible for ensuring that expenditures qualify for coverage under the
30 guidelines of the federal grant award.

31 I. The department of administration shall establish policies and
32 procedures for all state agencies for drawing federal monies. When the
33 established method results in federal monies being held by this state, the
34 department of administration may use the interest earned on the monies to
35 pay the federal government for any related interest liability. If an
36 interest liability is incurred due to a state agency varying from the
37 established policies and procedures, the department of administration
38 shall charge the appropriate agency account or fund. Any federal interest
39 liability owed to this state resulting from the delayed federal
40 disbursements shall be used to offset this state's interest liability to
41 the federal government. Any remaining interest earnings shall be
42 deposited in the state general fund.

43 J. EACH STATE AGENCY OR AUTHORIZED AGENT OF A STATE AGENCY MUST
44 ACCEPT CASH AND MONEY ORDERS TO PAY ANY AMOUNT DUE TO THAT AGENCY OR AGENT
45 OR THIS STATE. Any state agency or authorized agent of a state agency may

1 accept credit cards pursuant to an agreement entered into by the state
2 treasurer pursuant to section 35-315 to pay any amount due to that agency
3 or agent or this state.

4 K. Except for the department of revenue, agencies or authorized
5 agents on behalf of state agencies that accept credit cards shall deduct
6 any applicable discount fee and processing fee associated with the
7 transaction amount before depositing the net amount in the appropriate
8 state fund. No other reduction is ~~permitted~~ ALLOWED against the
9 transaction amount. The net amount deposited in the appropriate state
10 fund shall be considered as the full deposit required by law of monies
11 received by the agency or the authorized agent. Payment of any applicable
12 discount fee and processing fee shall be accounted for in the annual
13 report submitted to the governor's office of strategic planning and
14 budgeting in accordance with section 41-1273. The transaction amount of
15 any credit card transaction shall not be reduced by any discount fee or
16 processing fee in an amount of more than the merchant card settlement fees
17 reflected in the state banking contract with the state treasurer's office.

18 L. Any state agency that contracts with an authorized agent to
19 electronically process transactions pursuant to title 41, chapter 23 may
20 include a provision in the contract to allow the authorized agent to
21 impose a convenience fee or a service fee or surcharge. If allowed, the
22 convenience fee or the service fee or surcharge shall be charged to the
23 cardholder in addition to the transaction amount, except for the
24 following:

25 1. Except as provided in subsection R of this section, any permits,
26 licenses or other authorizations needed to pursue a trade or occupation in
27 this state.

28 2. Except as provided in subsection R of this section, any permits,
29 licenses or other authorizations needed to establish, expand or operate a
30 business in this state.

31 3. Except as provided in subsection R of this section, any permits,
32 licenses or other authorizations needed to register a vehicle or license a
33 driver in this state.

34 M. Each state agency or its authorized agent shall:

35 1. Deduct the amount of the convenience fee or the service fee or
36 surcharge before depositing the transaction amount or the transaction
37 amount reduced by the discount fee or the processing fee, or both, into
38 the appropriate state fund.

39 2. Not deduct any part of the convenience fee or the service fee or
40 surcharge from the transaction amount before depositing the net amount
41 into the appropriate state fund.

42 3. Deduct the amount of the discount fee or the processing fee, or
43 both, from the transaction amount before depositing the net amount into
44 the appropriate state fund.

1 N. The net amount deposited in the appropriate state fund pursuant
2 to subsection L or M of this section shall be considered as the full
3 deposit of monies that is required by law and that is received by the
4 agency.

5 O. Before charging a convenience fee or a service fee or surcharge,
6 a state agency shall submit the proposed convenience fee or the proposed
7 service fee or surcharge to the state treasurer for approval. If the
8 state treasurer determines that the proposed convenience fee or the
9 proposed service fee or surcharge is necessary to ensure the efficient
10 processing of payments to the state agency and complies with the standards
11 of the credit card industry, the state treasurer shall approve the
12 convenience fee or the service fee or surcharge. Notwithstanding section
13 35-142.01, convenience fees received by a state agency or its authorized
14 agent may be used to offset the costs imposed by the authorized agent in
15 processing the transactions.

16 P. When the percentage of electronic transactions first exceeds at
17 least thirty percent of a state agency's total transactions, the state
18 agency shall perform a cost benefit report, including costs of convenience
19 fees or the service fee or surcharge, the amount of revenue generated and
20 any realized cost savings.

21 Q. This section and any other provision of law do not authorize any
22 state agency, authorized agent of any state agency or budget unit to
23 establish a bank account for any government monies. All monies received
24 by or on behalf of this state shall be deposited with and in the custody
25 of the state treasurer or in an account that is authorized by the state
26 treasurer pursuant to this section. This subsection does not apply to
27 monies received and any accounts established and maintained by the
28 director of the Arizona state retirement system or the administrator of
29 the public safety personnel retirement system, the corrections officer
30 retirement plan and the elected officials' retirement plan.

31 R. If a state agency provides an alternative method of payment, the
32 convenience fee or the service fee or surcharge may be charged to the
33 cardholder in addition to the transaction amount.