

NOTICES OF FINAL RULEMAKING

The Administrative Procedure Act requires the publication of the final rules of the state's agencies. Final rules are those which have appeared in the *Register* first as proposed rules and have been through the formal rulemaking process including approval by the Governor's Regulatory Review Council or the Attorney General. The Secretary of State shall publish the notice along with the Preamble and the full text in the next available issue of the *Register* after the final rules have been submitted for filing and publication.

NOTICE OF FINAL RULEMAKING

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 7. BOARD OF CHIROPRACTIC EXAMINERS

PREAMBLE

- 1. Sections Affected**

R4-7-501	Amend
R4-7-601	Amend
R4-7-801	Amend
- 2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

Authorizing statute: A.R.S. § 32-904(B)(2)
Implementing statute: A.R.S. §§ 32-923, 32-922.02, 32-931
- 3. The effective date of the rules:**

June 12, 2001
- 4. A list of all previous notices appearing in the Register addressing the final rule:**

Notice of Rulemaking Docket Opening: 6 A.A.R 4121, October 27, 2000
Notice of Proposed Rulemaking: 7 A.A.R. 114, January 12, 2001
- 5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: Patrice A. Pritzl, Executive Director
Address: 5060 North 19th Avenue, Suite 416
Phoenix, AZ 85015
Telephone: (602) 255-1444
Fax: (602) 255-4289
- 6. An explanation of the rule, including the agency's reasons for initiating the rule:**

There are three rule amendments in this package. The first amendment requires a licensee to produce, upon request, the license renewal certificate for the current year. The second amendment provides further clarification of acupuncture as it applies to chiropractic. The third amendment allows forms of distance learning to be used in meeting the continuing education requirements. The proposed amendments were identified in the agency's five year rule review and are for the purpose of clarifying the current rules
- 7. A reference to any study that the agency relied on in its evaluation of or justification for the final rule and where the public may obtain or review the study, all data underlying each study, and analysis of the study, and other supporting material:**

None
- 8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable.
- 9. The summary of the economic, small business, and consumer impact:**

The economic impact varies for each amendment. The first two will be minimal in terms of cost and may have a positive impact for some users of chiropractic. The third amendment will have a substantial positive impact for licensees.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

Minor technical changes have been made based on suggestions from GRRC staff.

11. A summary of the principal comments and the agency response to them:

The agency did not receive written or oral comment.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable.

13. Incorporations by reference and their location in the rules: None.

14. Was this rule previously adopted as an emergency rule?

No

15. The full text of the rules follows:

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 7. BOARD OF CHIROPRACTIC EXAMINERS

ARTICLE 5. LICENSES

Section

R4-7- 501. Display of Licenses

ARTICLE 6. ACUPUNCTURE CERTIFICATION

Section

R4-7-601. Definition of Acupuncture as Applied to Chiropractic

ARTICLE 8. CONTINUING EDUCATION

Section

R4-7-801. Continuing Education Requirements

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 7. BOARD OF CHIROPRACTIC EXAMINERS

ARTICLE 5. LICENSES

R4-7-501. Display of Licenses

A licensee shall, at all times, display the license issued ~~him~~ to the licensee by the ~~board~~ Board in a conspicuous place in ~~his~~ the licensee's office. ~~A licensee and shall, upon request, produce for inspection the certification demonstrating license renewal the license renewal certificate for the current calendar year.~~

ARTICLE 6. ACUPUNCTURE CERTIFICATION

R4-7-601. Definition of Acupuncture as Applied to Chiropractic

- A. Acupuncture as applied to chiropractic is ~~a stimulation, preparatory and complementary to an adjustment,~~ of a certain meridian point or points on or near the surface of the body ~~for the purpose of to controlling control and regulating regulate~~ the flow and balance of energy of the body, ~~preparatory and complementary to an adjustment.~~
- B. Acupuncture includes acupuncture by needle, electrical stimulation, ultrasound, acupressure, laser, ~~and~~ auricular therapy, ~~or any implement that stimulates acupuncture points.~~
- C. Acupuncture does not include cupping, moxibustion, or cosmetic therapy.

ARTICLE 8. CONTINUING EDUCATION

R4-7-801. Continuing Education Requirements

- A. To be eligible to renew a license, a licensee shall complete twelve (12) credits of continuing education between January 1 and December 31 of each year. A credit of continuing education ~~shall be is~~ defined as 60 minutes of education.
- B. A licensee shall obtain continuing education credit in the following manner:
 1. By attending or participating in a course, seminar, or workshop on subjects listed in A.R.S. § 32-922(B) or A.R.S. § 32-922.02 that ~~are is~~ taught at or sponsored by a Council on Chiropractic Education accredited chiropractic college or accredited college or university in the United States pursuant to A.R.S. § 32-931(B).
 2. By teaching a post-graduate course as a faculty member of a Council on Chiropractic Education accredited chiropractic college. Continuing education credits earned in this manner ~~shall be are~~ calculated as two credits of continuing

education for each hour of post-graduate course instruction for the ~~first~~ 1st course presentation, and ~~one~~ 1 credit for each hour of instruction ~~thereafter~~ after the first course presentation. A maximum of 6 credits of continuing education credit may be ~~obtained~~ earned in this manner annually.

3. By completing post-graduate mediated instruction or programmed learning courses under an accredited college or university only. Mediated instruction and programmed learning refers to learning transmitted by intermediate mechanisms such as audio or visual tape or telephone. A licensee shall obtain a certificate of program completion from the accredited college or university to verify compliance with this provision.
- C. The Board shall award continuing education credit only for ~~the~~ continuing education subjects listed in A.R.S. §§ 32-922(B) ~~or~~ and 32-922.02.
- D. The Board ~~may~~ shall grant an extension of 90 days to comply with the continuing education requirements to a qualified licensee. To qualify for an extension, a licensee shall:
 1. Timely file a license renewal application and renewal fee; and
 2. Submit a written request for an extension, including evidence of good cause why the continuing education requirements were not met.
- E. The following reasons ~~may~~ constitute good cause for the ~~board~~ Board to grant an extension of time to comply with the continuing education requirements:
 1. The licensee graduated from an accredited chiropractic college, or a college that meets the requirements of A.A.C. R4-7-702, during the year that the continuing education requirements ~~were~~ are to be met;
 2. The licensee lived in a country where there was no accredited chiropractic college, or a college that meets the requirements of A.A.C. R4-7-702, for at least 7 months during the year that the continuing education requirements ~~were~~ are to be met;
 3. The licensee was in active military service for at least 7 months during the year that the continuing education requirements ~~were~~ are to be met; or
 4. The licensee was not able to complete the continuing education requirements because of a documented disability of the licensee or the licensee's spouse, child, or parent.
- F. If the Board grants an extension of time in which to complete the continuing education requirements, the continuing education credits obtained during the 90-day extension shall be applied to meet only the requirements for which the extension ~~was~~ is granted. A licensee shall not report continuing education credit earned during the 90-day extension for a subsequent renewal year.

NOTICE OF FINAL RULEMAKING

TITLE 9. HEALTH SERVICES

CHAPTER 15. DEPARTMENT OF HEALTH SERVICES LOAN REPAYMENT

PREAMBLE

<u>1. Section Affected</u>	<u>Rulemaking Action</u>
Article 1	New Article
R9-15-101	New Section
Article 2	New Article
R9-15-201	New Section
R9-15-202	New Section
R9-15-203	New Section
R9-15-204	New Section
R9-15-205	New Section
R9-15-206	New Section
R9-15-207	New Section
R9-15-208	New Section
R9-15-209	New Section
R9-15-210	New Section
R9-15-211	New Section

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R9-15-212	New Section
R9-15-213	New Section
R9-15-214	New Section
R9-15-215	New Section
R9-15-216	New Section
R9-15-217	New Section
R9-15-218	New Section
Article 3	New Article
R9-15-301	New Section
R9-15-302	New Section
R9-15-303	New Section
R9-15-304	New Section
R9-15-305	New Section
R9-15-306	New Section
R9-15-307	New Section
R9-15-308	New Section
R9-15-309	New Section
R9-15-310	New Section
R9-15-311	New Section
R9-15-312	New Section
R9-15-313	New Section
R9-15-314	New Section
R9-15-315	New Section
R9-15-316	New Section
R9-15-317	New Section
R9-15-318	New Section

2. The specific authority for the rulemaking, including both the authorizing statutes (general) and the statutes the rules are implementing (specific):

Authorizing statutes: A.R.S. §§ 36-132(A), 36-136(F), 36-2172, and 36-2174

Implementing statutes: A.R.S. §§ 36-2172 and 36-2174

3. The effective date for the rulemaking:

The rulemaking will become effective on the general effective date for the First Regular Session of the 45th Legislature.

4. A list of all previous notices appearing in the Register addressing the proposed rule:

Notice of Rulemaking Docket Opening: 5 A.A.R. 4376, November 19, 1999

Notice of Rulemaking Docket Opening: 6 A.A.R. 1032, March 17, 2000

Notice of Proposed Rulemaking: 7 A.A.R. 116, January 12, 2001

5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Doug Hirano, Bureau Chief

Address: Arizona Department of Health Services
Bureau of Health Systems Development

1740 West Adams, Room 302

Phoenix, Arizona 85007

Telephone: (602) 542-2981

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Fax: (602) 542-2011
E-mail: dhirano@hs.state.az.us
or
Name: Kathleen Phillips, Rules Administrator
Address: Arizona Department of Health Services
Office of Administrative Rules
1740 West Adams, Room 102
Phoenix, Arizona 85007
Telephone: (602) 542-1264
Fax: (602) 542-1090
E-mail: kphilli@hs.state.az.us

6. An explanation of the rulemaking, including the agency's reasons for initiating the rulemaking:

A.R.S. § 36-2172 authorizes the Primary Care Provider Loan Repayment Program (PCPLRP) within the Department. The PCPLRP makes repayment of eligible educational loans for primary care providers in exchange for a term of service in a federally designated health professional shortage area. This rulemaking creates new rules for the PCPLRP in a new Chapter dedicated to Loan Repayment. The new rules replace the rules that are being repealed from 9 A.A.C. 24, Article 4 in a separate rulemaking. The new rules streamline the loan repayment process by eliminating vacancy notification; replace the percentages of funding set aside for rural, remote rural, and urban areas with a prioritization scheme that reflects statutory authority; implement a quarterly repayment award timetable to allow for prioritization among primary care providers; and clarify the criteria used to select providers for loan repayment. The rulemaking also adds dentists as eligible providers, as required by the amendment to A.R.S. § 36-2172 made in Laws 1999, Ch. 315, § 1, and allows mid-level providers and dentists to enter an initial contract with a duration of more than two years and mid-level providers to apply for additional contracts after an initial contract, as required by the amendment to A.R.S. § 36-2172 made in Laws 2001, Ch. 33, which becomes effective on the general effective date for the First Regular Session of the 45th Legislature. In addition, the rulemaking eliminates the use of exhibits in the rules, clarifies the rules, and conforms to statutory authority and current rulemaking format and style requirements.

A.R.S. § 36-2174 authorizes the Rural Private Primary Care Provider Loan Repayment Program (RPPCPLRP) within the Department. The RPPCPLRP makes repayment of eligible educational loans for private primary care providers in exchange for a term of service in a rural Arizona medically underserved area and is required to be consistent in most respects with A.R.S. § 36-2172. The Department has not made rules to implement A.R.S. § 36-2174 since its creation in 1997. This rulemaking implements A.R.S. § 36-2174 by establishing the procedures to be followed by the Department and applicants for and recipients of funds under the RPPCPLRP. The rulemaking includes changes to the RPPCPLRP resulting from the amendment of A.R.S. §§ 36-2172 and 36-2174 in Laws 1999, Ch. 315, §§ 1 and 2 and the amendment of A.R.S. § 36-2172 in Laws 2001, Ch. 33.

7. A reference to any study that the agency relied on in its evaluation of or justification for the rules and where the public may obtain or review the study, all data underlying each study, any analysis of the study, and other supporting material:

None

8. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

9. The summary of the economic, small business, and consumer impact:

The Department will bear the costs of the rulemaking process, which are moderate. The Governor's Regulatory Review Council and the Office of the Secretary of State will also bear minimal-to-moderate costs from the rulemaking process.

The Department does not expect any other persons to incur costs directly as a result of this rulemaking.

The Department will benefit from the rulemaking because the new rules will clarify the procedure that the Department has been using for the PCPLRP and will notify the public of the procedure that the Department has been using for the RPPCPLRP. The rulemaking will make the rules easier to find, resulting in the Department's needing to respond to fewer inquiries from a confused public. The Department will also benefit from the rulemaking because the new rules will allow the Department to use a more meaningful prioritization scheme that reflects statutory authority for both programs. This benefit, though significant, is unquantifiable.

Individuals and service sites that are interested in the PCPLRP or the RPPCPLRP will benefit from the rulemaking because the rulemaking will clarify the procedure that the Department has been using for the PCPLRP and will notify the public of the procedure that the Department has been using for the RPPCPLRP. The rulemaking will also benefit these individuals and services sites by making the rules easier to find and use.

Although the changes made to the PCPLRP and the RPPCPLRP as a result of Laws 1999, Ch. 315, §§ 1 and 2 and Laws 2001, Ch. 33 may result in benefits to mid-level providers, dentists, and service sites that employ a mid-level provider or dentist, those benefits actually result from the statutory changes rather than from this rulemaking and thus are not economic impacts of this rulemaking.

10. A description of the changes between the proposed rules, including supplemental notices, and the final rules:

Throughout the rules, ADHS eliminated all references to gynecology to be more consistent with the language of A.R.S. § 36-2172.

In R9-15-101, ADHS changed the definitions of “full-time” and “primary care provider” to make them more clear, concise, and understandable.

In R9-15-204(C), ADHS added rows for third year and fourth year awards for mid-level providers to be consistent with Laws 2001, Ch. 33.

In R9-15-205(B), ADHS corrected the citation to 2 A.A.C. 7.

In R9-15-206(A)(6), ADHS deleted “to physicians and dentists” to be consistent with Laws 2001, Ch. 33.

In R9-15-210(B)(8)(b), ADHS added “and” to make the subsection more clear, concise, and understandable.

In R9-15-210(B)(15), ADHS changed “(B)(15)” to “(B)(14)” to correct the cross reference.

In R9-15-304(C), ADHS added rows for third year and fourth year awards for mid-level providers to be consistent with Laws 2001, Ch. 33.

In R9-15-305(B), ADHS corrected the citation to 2 A.A.C. 7.

In R9-15-305(C), ADHS deleted the duplicate “under the contract”.

In R9-15-306(A)(6), ADHS deleted “to physicians and dentists” to be consistent with Laws 2001, Ch. 33.

In R9-15-309, R9-15-310, R9-15-312, R9-15-313, R9-15-317, and R9-15-318, ADHS added language to clarify requirements for primary care providers who are sole practitioners.

In R9-15-310(B)(8)(b), ADHS added “and” to make the subsection more clear, concise, and understandable.

In R9-15-312(A), ADHS changed “balanced” to “balances” to correct a typographical error.

Throughout the rules, ADHS spelled out numbers from one to ten to be consistent with new style requirements of the Office of the Secretary of State and made organizational, grammatical, and stylistic changes recommended by Governor’s Regulatory Review Council staff.

11. A summary of the principal comments and the agency response to them:

Although ADHS held an oral proceeding on February 12, 2001, ADHS did not receive any oral or written comments.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

13. Incorporations by reference and their location in the rules:

Not applicable

14. Was this rule previously adopted as an emergency rule?

No

15. The full text of the rules follows:

TITLE 9. HEALTH SERVICES

CHAPTER 15. DEPARTMENT OF HEALTH SERVICES

LOAN REPAYMENT

ARTICLE 1. GENERAL

Section

R9-15-101. Definitions

ARTICLE 2. PRIMARY CARE PROVIDER LOAN REPAYMENT PROGRAM

Section

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- R9-15-201. Definitions
- R9-15-202. Loans Qualifying for Repayment
- R9-15-203. Loan Repayment Application and Award Timetable
- R9-15-204. Award Amounts
- R9-15-205. Loan Repayment Contract
- R9-15-206. Primary Care Provider Eligibility Criteria
- R9-15-207. Service Site Eligibility Criteria
- R9-15-208. Prioritization of Eligible Service Sites
- R9-15-209. Service Site Application
- R9-15-210. Primary Care Provider Application
- R9-15-211. Selection of Primary Care Providers
- R9-15-212. Reapplication
- R9-15-213. Service Verification
- R9-15-214. Loan Repayments
- R9-15-215. Notice of Failure to Complete Full Term of Service under the Contract at the Service Site
- R9-15-216. Liquidated Damages for Failure to Complete Full Term of Service under the Contract
- R9-15-217. Suspension of Service under the Contract to Transfer to Another Eligible Service Site
- R9-15-218. Waiver of Liquidated Damages

ARTICLE 3. RURAL PRIVATE PRIMARY CARE PROVIDER LOAN REPAYMENT PROGRAM

Section

- R9-15-301. Definitions
- R9-15-302. Loans Qualifying for Repayment
- R9-15-303. Loan Repayment Application and Award Timetable
- R9-15-304. Award Amounts
- R9-15-305. Loan Repayment Contract
- R9-15-306. Primary Care Provider Eligibility Criteria
- R9-15-307. Service Site Eligibility Criteria
- R9-15-308. Prioritization of Eligible Service Sites
- R9-15-309. Service Site Application
- R9-15-310. Primary Care Provider Application
- R9-15-311. Selection of Primary Care Providers
- R9-15-312. Reapplication
- R9-15-313. Service Verification
- R9-15-314. Loan Repayments
- R9-15-315. Notice of Failure to Complete Full Term of Service under the Contract at the Service Site
- R9-15-316. Liquidated Damages for Failure to Complete Full Term of Service under the Contract
- R9-15-317. Suspension of Service under the Contract to Transfer to Another Eligible Service Site
- R9-15-318. Waiver of Liquidated Damages

ARTICLE 1. GENERAL

R9-15-101. Definitions

In this Chapter, unless otherwise specified:

1. "AHCCCS" means Arizona Health Care Cost Containment System.
2. "Ambulatory care services" means all types of primary care services that are provided only on an outpatient basis.
3. "Arizona medically underserved area" means a primary care area that is designated by the Secretary of the United States Department of Health and Human Services as a health professional shortage area or that is designated by the Department using the methodology described in A.A.C. R9-24-203.
4. "Business organization" means an entity such as a sole proprietorship, an unincorporated association, a corporation, a limited liability company, a partnership, or a governmental entity.
5. "Commercial loan" means an advance of money made by a bank, credit union, savings and loan association, insurance company, school, or other financial or credit institution that is subject to examination and supervision in its capacity as a lender by an agency of the United States or of the state in which the lender has its principal place of business.
6. "Complete application" means a submission from a primary care provider that contains all documents and information listed in either R9-15-209(A) and R9-15-210(A) and (B) or R9-15-309(A) and R9-15-310(A) and (B).
7. "Days" means calendar days, excluding the day of the act, event, or default from which a designated period of time begins to run and including the last day of the period unless it is a Saturday, Sunday, or legal holiday, in which event the period runs until the end of the next day that is not a Saturday, Sunday, or legal holiday.

8. "Dentist" means an individual licensed under A.R.S. Title 32, Chapter 11, Article 2.
9. "Department" means the Arizona Department of Health Services.
10. "Educational expenses" has the same meaning as in 42 C.F.R. § 62.22.
11. "Family unit" means a group of individuals residing together who are related by birth, marriage, or adoption or an individual who does not reside with another individual to whom the individual is related by birth, marriage, or adoption.
12. "Fiscal year" means the 12-month period from July 1 of one calendar year to June 30 of the following calendar year.
13. "Full-time" means for at least 40 hours during the seven-day period between Sunday at 12:00 a.m. and Saturday at 11:59 p.m.
14. "Government loan" means an advance of money made by a federal, state, county, or city agency.
15. "Health professional school" has the same meaning as "school" in 42 C.F.R. § 62.2.
16. "Health professional shortage area" means a geographic region designated by the Secretary of the United States Department of Health and Human Services under 42 U.S.C. § 254e.
17. "Immediate family" means an individual in any of the following relationships to the primary care provider:
 - a. Spouse,
 - b. Natural or adopted child,
 - c. Stepchild,
 - d. Natural or adoptive parent,
 - e. Stepparent,
 - f. Full or partial brother or sister,
 - g. Stepbrother or stepsister,
 - h. Grandparent or spouse of grandparent,
 - i. Grandchild or spouse of grandchild,
 - j. Father-in-law or mother-in-law,
 - k. Brother-in-law or sister-in-law, and
 - l. Son-in-law or daughter-in-law.
18. "Living expenses" has the same meaning as in 42 C.F.R. § 62.22.
19. "Mid-level provider" has the same meaning as in A.R.S. § 36-2171.
20. "Nurse midwife" means a registered nurse practitioner who is certified by the Arizona State Board of Nursing to perform as a midwife.
21. "Physician" has the same meaning as in A.R.S. § 36-2351.
22. "Physician assistant" has the same meaning as in A.R.S. § 32-2501.
23. "Population" means the total of permanent residents, according to the most recent decennial census published by the United States Census Bureau or according to the most recent Population Estimates for Arizona's Counties and Incorporated Places published by the Arizona Department of Economic Security.
24. "Poverty level" means the annual income for a family unit of a particular size included in the poverty guidelines updated annually in the Federal Register by the United States Department of Health and Human Services.
25. "Primary care area" means a geographic region designated as a primary care area by the Department under A.A.C. R9-24-204.
26. "Primary care index" means the report in which the Department designates primary care areas as medically underserved by using the methodology described in A.A.C. R9-24-203.
27. "Primary care provider" means:
 - a. One of the following providing direct patient care in general or family practice, general internal medicine, pediatrics, or obstetrics:
 - i. A physician,
 - ii. A physician assistant,
 - iii. A registered nurse practitioner, or
 - iv. A nurse midwife; or
 - b. A dentist.
28. "Primary care services" means health care provided by a primary care provider.
29. "Private" means owned by and operated under the direction of an entity other than the federal or state government or a political subdivision of the state.
30. "Public" means owned by and operated under the direction of the federal or state government or a political subdivision of the state.
31. "Reasonable educational expenses" means educational expenses that are equal to or less than the health professional school's estimated standard student budget for educational expenses for the course of study and for the year or years during which the primary care provider pursued the course of study.

32. "Reasonable living expenses" means living expenses that are equal to or less than the health professional school's estimated standard student budget for living expenses for the course of study and for the year or years during which the primary care provider pursued the course of study.
33. "Registered nurse practitioner" has the same meaning as in A.R.S. § 32-1601.
34. "Rural" has the same meaning as in A.R.S. § 36-2171.
35. "Service site" means a medical or dental practice providing primary care services.
36. "Student" means an individual pursuing a course of study at a health professional school.
37. "Tuition" means the amount actually paid for instruction at a health professional school.

ARTICLE 2. PRIMARY CARE PROVIDER LOAN REPAYMENT PROGRAM

R9-15-201. Definitions

In this Article, unless otherwise specified:

1. "Degree-of-shortage ranking" means a number assigned to a HPSA by the United States Secretary of Health and Human Services to indicate the severity of need for primary care providers.
2. "HPSA" means health professional shortage area.
3. "Nonprofit" means owned by and operated under the direction of an entity that is recognized as exempt under § 501 of the United States Internal Revenue Code.
4. "PCPLRP" means primary care provider loan repayment program.

R9-15-202. Loans Qualifying for Repayment

A. The Department shall use PCPLRP funds only to repay:

1. Principal, interest, and related expenses of government loans and commercial loans taken out by a primary care provider while obtaining a degree in allopathic or osteopathic medicine or dentistry or as a physician assistant, registered nurse practitioner, or nurse midwife to pay contemporaneous:
 - a. Tuition,
 - b. Reasonable educational expenses, and
 - c. Reasonable living expenses; or
2. Government or commercial loans resulting from the refinancing or consolidation of loans described in subsection (A)(1).

B. Obligations or debts incurred under the following are ineligible for repayment:

1. The National Health Service Corps Scholarship Program,
2. The Armed Forces Health Professional Scholarship Program,
3. The Indian Health Service Scholarship Program, and
4. The Arizona Medical Student Loan Program.

R9-15-203. Loan Repayment Application and Award Timetable

A. The Department shall accept applications for the PCPLRP from primary care providers on a quarterly basis each fiscal year, as described below.

1. A primary care provider who wants to be considered for a contract term to commence on July 1 shall submit a complete application so that it is received by the Department between December 16 and March 15.
2. A primary care provider who wants to be considered for a contract term to commence on October 1 shall submit a complete application so that it is received by the Department between March 16 and June 15.
3. A primary care provider who wants to be considered for a contract term to commence on January 1 shall submit a complete application so that it is received by the Department between June 16 and September 15.
4. A primary care provider who wants to be considered for a contract term to commence on April 1 shall submit a complete application so that it is received by the Department between September 16 and December 15.

B. Only two primary care providers from a service site are eligible to receive loan repayment each fiscal year.

1. The Department shall waive this restriction on November 1 if funds remain for the fiscal year.
2. A primary care provider whose application is denied under subsection (B) may reapply between November 1 and December 15 to be considered for a contract term to commence on April 1.

C. The Department shall deny applications when no funds remain for the fiscal year. A primary care provider whose application is denied due to unavailability of funds for the current fiscal year may reapply after December 15 to be considered for a contract term for the next fiscal year.

R9-15-204. Award Amounts

A. The Department determines the annual amount of a loan repayment award based upon:

1. The priority ranking of the service site at which the primary care provider plans to serve the contract obligation,
2. The amount of loan repayment requested,
3. The contract year of service, and
4. The availability of funds.

B. The Department provides loan repayment awards to physicians and dentists according to the following schedule:

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Contract Year of Service	Maximum Annual Award Amount Allowable by Priority of Service Site		
	Priority 1	Priority 2	Priority 3
First year	\$20,000	\$18,000	\$16,000
Second year	\$20,000	\$18,000	\$16,000
Third year	\$22,000	\$20,000	\$18,000
Fourth year	\$25,000	\$22,000	\$20,000

C. The Department provides loan repayment awards to mid-level providers according to the following schedule:

Contract Year of Service	Maximum Annual Award Amount Allowable by Priority of Service Site		
	Priority 1	Priority 2	Priority 3
First year	\$7,500	\$6,000	\$5,000
Second year	\$7,500	\$6,000	\$5,000
Third year	\$9,000	\$7,500	\$6,500
Fourth year	\$10,500	\$9,000	\$8,000

- D. The Department shall not award an amount that exceeds the primary care provider's total qualifying loan indebtedness.
- E. The Department shall award a primary care provider the amount of loan repayment requested unless the amount requested exceeds the maximum annual amount allowable according to subsection (B) or (C) or the Department has inadequate funds to provide the maximum annual amount allowable and the primary care provider agrees to contract for a lesser amount.

R9-15-205. Loan Repayment Contract

- A. In exchange for loan repayment, a primary care provider shall contract with the Department to provide full-time continuous services at a specific eligible service site for a minimum of 24 months in accordance with the agreements described in R9-15-206(A). The primary care provider shall sign and return the contract to the Department.
- B. The contract shall comply with A.R.S. Title 41, Chapter 23 and 2 A.A.C. 7.
- C. Primary care services performed before the effective date of the PCPLRP contract do not count toward satisfaction of the period of service under the contract.

R9-15-206. Primary Care Provider Eligibility Criteria

- A. To be eligible to participate in the PCPLRP, a primary care provider shall:
 - 1. Be a United States citizen;
 - 2. Have completed the final year of a course of study or program approved by an accrediting agency recognized by the United States Department of Education or the Council for Higher Education Accreditation for higher education in a health profession licensed under A.R.S. Title 32;
 - 3. Hold a current Arizona license or certificate in good standing in a health profession licensed under A.R.S. Title 32;
 - 4. If a physician, have completed a professional residency program and be board certified or eligible to sit for the certifying examination in:
 - a. Family or general practice,
 - b. Pediatrics,
 - c. Obstetrics, or
 - d. Internal medicine;
 - 5. Have a signed contract for current or prospective employment at an eligible service site or a letter of intent signed by the individual in the senior leadership position at an eligible service site indicating an intent to hire the primary care provider;
 - 6. Agree to contract with the Department to serve full-time providing primary care services at the eligible service site for a minimum of 24 months, with 12- or 24-month contract extensions available upon mutual agreement with the individual in the senior leadership position at the service site;
 - 7. Agree, unless an obstetrician or nurse midwife, to work at least 32 of the minimum 40 hours per week providing ambulatory care services at the service site during scheduled office hours;
 - 8. Agree, if an obstetrician or nurse midwife, to work at least 21 hours per week providing ambulatory care services at the service site during scheduled office hours;

9. Agree to charge for services at the usual and customary rates prevailing in the primary care area, except that patients unable to pay the usual and customary rates shall be charged a reduced rate according to the service site's sliding-fee scale based on poverty level or not charged;
10. Agree not to discriminate on the basis of a patient's ability to pay for care or the payment source, including Medicare or AHCCCS;
11. Agree to accept assignment for payment under Medicare and to participate in AHCCCS; and
12. Have satisfied any other obligation for health professional service owed under a contract with a federal, state, or local government or another entity before beginning a period of service under the PCPLRP.

B. The following are not eligible to participate:

1. A primary care provider who has breached a health professional services contract with a federal, state, or local government or another entity;
2. A primary care provider against whose property there is a judgment lien for a debt to the United States; and
3. A primary care provider who is in a for-profit practice.

R9-15-207. Service Site Eligibility Criteria

To be eligible to have a primary care provider participate in the PCPLRP, a service site shall:

1. Provide primary care services in a public or nonprofit private practice located in a HPSA;
2. Accept Medicare assignment;
3. Be an AHCCCS provider;
4. Charge for services at the usual and customary rates prevailing in the primary care area, except that the service site shall have a policy providing that patients unable to pay the usual and customary rates shall be charged a reduced rate according to the service site's sliding-fee scale based on poverty level or not charged; and
5. Not discriminate on the basis of a patient's ability to pay for care or the payment source, including Medicare or AHCCCS.

R9-15-208. Prioritization of Eligible Service Sites

A. The Department shall prioritize eligible service sites by assigning points based upon the following criteria:

1. Location of the service site:

Location	Points
Rural	4
Non-rural	0
2. Degree-of-shortage ranking assigned to the HPSA in which the service site is located by the United States Secretary of Health and Human Services:

Degree-of-shortage ranking	Points
1	4
2	3
3	2
4	1
3. Population-to-primary-care-provider ratio points received by the primary care area in which the service site is located on the most recent primary care index generated under A.A.C. R9-24-203.
4. Percentage of minority population in the primary care area in which the service site is located as set forth in the most recent primary care index:

Percentage	Points
>50%	4
40-50%	3
30-39%	2
20-29%	1
<20%	0
5. Distance from the service site to the nearest city or town with a population of 20,000 or greater:

Miles	Points
≥45	4
<45	0

B. The Department shall prioritize each eligible service site according to the sum of the points for each factor described in subsection (A):

1. A service site that scores 18 to 26 points is priority 1;
2. A service site that scores 9 to 17 points is priority 2; and
3. A service site that scores 8 or fewer points is priority 3.

R9-15-209. Service Site Application

A. The individual in the senior leadership position at a service site shall complete a service site application form, available from the Department, to have the Department determine service site eligibility and a priority score. The individual in the

senior leadership position at the service site shall provide the completed service site application to the primary care provider applying to participate in the PCPLRP. The completed service site application shall include the following information:

1. The name and street address of the service site;
 2. The service site's business organization type;
 3. The following information about the HPSA in which the service site is located, if known:
 - a. Name,
 - b. Federal identification number, and
 - c. Federal degree-of-shortage ranking;
 4. The name and address of the primary care provider's prospective employer, if different from the name and address of the service site;
 5. The prospective employer's business organization type, if the prospective employer is different from the service site;
 6. A statement that the service site is in compliance with the requirements of R9-15-207;
 7. A statement that the service site has financial means available to provide the following to the primary care provider for a minimum of 24 months of full-time services:
 - a. Salary,
 - b. Benefits, and
 - c. Malpractice insurance expenses;
 8. The service site's Medicare identification number;
 9. The service site's AHCCCS provider number;
 10. The notarized signature of the individual in the senior leadership position at the service site certifying that all of the information on the application is true; and
 11. The following documentation:
 - a. A copy of the service site's sliding-fee scale, and
 - b. A copy of the service site's policy for using the sliding-fee scale.
- B.** The Department shall send a written notice of appealable agency action that complies with A.R.S. Title 41, Chapter 6, Article 10 to the individual in the senior leadership position at a service site that is determined to be ineligible to have a primary care provider participate in the PCPLRP. If the individual in the senior leadership position at the service site decides to appeal, the individual in the senior leadership position at the service site shall file a notice of appeal with the Department within 30 days after receiving the notice of appealable agency action. The appeal shall be conducted in accordance with A.R.S. Title 41, Chapter 6, Article 10.

R9-15-210. Primary Care Provider Application

- A.** To apply for loan repayment, a primary care provider shall submit to the Department the following documents:
1. A completed primary care provider application on a form provided by the Department, including the information described in subsection (B);
 2. A copy of the primary care provider's social security card;
 3. A copy of one of the following issued to the primary care provider:
 - a. Birth certificate,
 - b. United States passport, or
 - c. Naturalization papers;
 4. A copy of the loan documents for each qualifying loan for which repayment is requested;
 5. Documentation showing that the primary care provider has completed the final year of a course of study or program approved by an accrediting agency recognized by the United States Department of Education or the Council for Higher Education Accreditation for higher education in a health profession licensed under A.R.S. Title 32;
 6. Documentation showing that the primary care provider holds a current Arizona license or certificate in good standing in a health profession licensed under A.R.S. Title 32;
 7. If a physician, documentation showing that the primary care provider has completed a professional residency program in and is either board certified or eligible to sit for the certifying examination in:
 - a. Family or general practice,
 - b. Pediatrics,
 - c. Obstetrics, or
 - d. Internal medicine;
 8. A copy of the contract signed by both the individual in the senior leadership position at the service site and the primary care provider evidencing current or prospective employment with the service site, which may include a provision that the primary care provider may or shall be released from the contract if not selected for a loan repayment award, or a copy of the letter of intent signed by the individual in the senior leadership position at the service site indicating an intent to hire the primary care provider;

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9. Documentation showing that any other obligation for health professional service owed under a contract with a federal, state, or local government or another entity will be satisfied before beginning a period of service under the PCPLRP;
 10. A completed service site application; and
 11. A copy of the primary care provider's curriculum vitae.
- B.** A completed primary care provider application form shall include the following:
1. The following information about the primary care provider:
 - a. Full name;
 - b. Social security number;
 - c. Date of birth;
 - d. Citizenship;
 - e. Ethnicity;
 - f. Gender;
 - g. Home address;
 - h. Home and alternate telephone numbers;
 - i. Work address;
 - j. Work telephone number;
 - k. Whether the primary care provider is:
 - i. A physician,
 - ii. A physician assistant,
 - iii. A registered nurse practitioner,
 - iv. A nurse midwife, or
 - v. A dentist;
 - l. Whether the primary care provider specializes in:
 - i. Family or general practice,
 - ii. Pediatrics,
 - iii. Obstetrics, or
 - iv. Internal medicine;
 - m. The primary care provider's subspecialty, if any;
 - n. Whether the primary care provider is fluent in:
 - i. Spanish;
 - ii. A Native American language, which shall be identified; or
 - iii. Another non-English language, which shall be identified;
 - o. The method by which the primary care provider learned of the PCPLRP;
 - p. The degrees held by the primary care provider, including majors or fields of study;
 - q. Whether the primary care provider has a prior or existing health professional service obligation and the following information about each prior or existing service obligation:
 - i. The name and address of the program,
 - ii. The name and telephone number of an individual with the program who may be contacted for further information, and
 - iii. The terms of the obligation;
 - r. Whether the primary care provider is in default of a health professional service obligation described under subsection (B)(1)(q) and a description of the circumstances of default, if any; and
 - s. Whether any of the primary care provider's property is subject to a judgment lien for a debt to the United States;
 2. The following information about each undergraduate school that the primary care provider attended:
 - a. Name;
 - b. Address;
 - c. Month and year that attendance commenced;
 - d. Month and year of graduation or termination of attendance;
 - e. Degree obtained by the primary care provider; and
 - f. The following information about one reference at the school:
 - i. Full name,
 - ii. Title, and
 - iii. Telephone number;
 3. The following information about each graduate school that the primary care provider attended:
 - a. Name;
 - b. Address;
 - c. Month and year that attendance commenced;
 - d. Month and year of graduation or termination of attendance;

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- e. Degree obtained by the primary care provider; and
- f. The following information about one reference at the school:
 - i. Full name,
 - ii. Title, and
 - iii. Telephone number;
4. The following information about each institution where the primary care provider commenced or completed an internship:
 - a. Name;
 - b. Address;
 - c. Month and year that the internship commenced;
 - d. Month and year of graduation or termination of the internship;
 - e. The following information about one reference at the institution:
 - i. Full name,
 - ii. Title, and
 - iii. Telephone number; and
 - f. The name and address of the affiliated university or health professional program;
5. The following information about each institution where the primary care provider commenced or completed a residency:
 - a. Name;
 - b. Address;
 - c. Month and year that the residency commenced;
 - d. Month and year of graduation or termination of the residency;
 - e. The following information about one reference at the institution:
 - i. Full name,
 - ii. Title, and
 - iii. Telephone number; and
 - f. The name and address of the affiliated university or health professional program;
6. The following information about each license held by the primary care provider:
 - a. Type of license,
 - b. Issuing state,
 - c. License number,
 - d. Term of the license, and
 - e. A description of any license restrictions;
7. The following information about each certification held by the primary care provider:
 - a. Type of certification,
 - b. Issuing state,
 - c. Term of the certification, and
 - d. A description of any certification restrictions;
8. The following information about each location where the primary care provider has practiced since completing health professional training:
 - a. Name;
 - b. Address; and
 - c. The following information about the individual in the senior leadership position at the location:
 - i. Full name,
 - ii. Title, and
 - iii. Telephone number;
9. The following information about the service site:
 - a. Name,
 - b. Address,
 - c. Telephone number, and
 - d. Name of the individual in the senior leadership position at the service site;
10. The following information about the prospective employer, if different from the service site:
 - a. Name,
 - b. Address, and
 - c. Telephone number;
11. The dates on which service under the contract is to commence and end;
12. The following information about each of three professional references not provided elsewhere in the application for the primary care provider:
 - a. Full name,

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- b. Title,
 - c. Address, and
 - d. Telephone number;
13. The following information about each loan for which repayment is sought:
- a. Lender name;
 - b. Lender address;
 - c. Lender telephone number;
 - d. Loan identification number;
 - e. Primary care provider name as it appears on the loan;
 - f. Original amount of the loan;
 - g. Current balance of the loan, including the date provided;
 - h. Interest rate on the loan;
 - i. Whether it is simple interest and an explanation if it is not simple interest;
 - j. Purpose for the loan as indicated on the loan application; and
 - k. The month and year of the beginning and end of the academic period covered by the loan;
14. The following statements:
- a. That the information provided in the application is accurate;
 - b. That the primary care provider is applying to enter into a contract with the State of Arizona for repayment of all or part of the educational loans listed in the application;
 - c. That the Department is authorized to verify all information provided in the application;
 - d. That the loans listed in the application were incurred solely for the costs of health professional education, including reasonable educational expenses and reasonable living expenses, and do not reflect loans for other purposes;
 - e. That each government or financial institution named as a lender in the application is authorized to release to the Department information about the loan received by the primary care provider; and
 - f. That the primary care provider understands that the primary care provider could be fined or imprisoned for:
 - i. Making a false statement, misrepresentation, or material omission in the application;
 - ii. Fraudulently obtaining repayment for a loan; or
 - iii. Committing any other illegal action in connection with the PCPLRP;
15. The notarized signature of the primary care provider certifying that the statements listed in subsection (B)(14) are true; and
16. For each loan for which repayment is sought, the notarized signature of an individual authorized to sign for the lender certifying that the loan from that lender is a bona fide and legally enforceable commercial or government loan made to meet the costs of the primary care provider's health professional education.
- C.** A primary care provider shall execute any document necessary for the Department to access records and acquire information necessary to verify information provided by the primary care provider.
- D.** The Department shall verify all loan information with each lender. The Department may verify any other information provided by the primary care provider.

R9-15-211. Selection of Primary Care Providers

- A.** Each quarter, provided that funds are available, the Department shall review all complete applications received from eligible primary care providers and make awards in order of service site priority, subject to the following:
- 1. The service site limit described in R9-15-203(B);
 - 2. The extent to which a primary care provider's training is in a health profession or specialty determined by the Department to be needed by the primary care area in which the service site is located; and
 - 3. The primary care provider's professional competence and conduct, as evidenced by:
 - a. Academic standing;
 - b. Prior professional experience in a HPSA;
 - c. Board certification, if applicable;
 - d. Residency achievements, if applicable;
 - e. Reference recommendations;
 - f. Depth of past residency practice experience, if applicable; and
 - g. Other information related to professional competence and conduct, if any.
- B.** The Department shall follow the procedure described in subsection (A) until no funds remain for the fiscal year or all complete applications have been processed.
- C.** The Department shall send a written notice of appealable agency action that complies with A.R.S. Title 41, Chapter 6, Article 10 to each primary care provider who:
- 1. Is denied a loan repayment award;
 - 2. Receives less than the maximum loan repayment award authorized for the primary care provider's service site; or
 - 3. Receives less than the amount requested, if the amount requested is less than the maximum loan repayment award authorized for the primary care provider's service site.

- D. A primary care provider who receives notice of appealable agency action may appeal the Department's decision.
 - 1. If a primary care provider decides to appeal, the primary care provider shall file a notice of appeal with the Department within 30 days after receiving the notice of appealable agency action.
 - 2. The appeal shall be conducted in accordance with A.R.S. Title 41, Chapter 6, Article 10.

R9-15-212. Reapplication

- A. If the information provided in the original service site application is still accurate, and the information provided in the original primary care provider application, other than loan balances and requested repayment amounts, is still accurate, a primary care provider may reapply by submitting a completed reapplication form supplied by the Department. A completed reapplication form shall include the following:
 - 1. The following information about the primary care provider:
 - a. Full name,
 - b. Social security number,
 - c. Date of birth,
 - d. Home address,
 - e. Home and alternate telephone numbers,
 - f. Work address, and
 - g. Work telephone number;
 - 2. The current balance of and repayment amount requested for each loan listed in the original primary care provider application;
 - 3. The following statements:
 - a. That the information provided in the original primary care provider application, other than loan balances and requested repayment amounts, is still accurate;
 - b. That the primary care provider is reapplying to enter into a contract with the State of Arizona for repayment of all or part of the educational loans listed in the original primary care provider application;
 - c. That the Department is authorized to verify all information provided in the original primary care provider application and the current balance of each loan;
 - d. That the loans listed in the original primary care provider application were incurred solely for the costs of the primary care provider's health professional education, including reasonable educational expenses and reasonable living expenses, and do not reflect loans for other purposes;
 - e. That each government or financial institution named as a lender in the original primary care provider application is authorized to release to the Department information about the loan received by the primary care provider; and
 - f. That the primary care provider understands that the primary care provider could be fined or imprisoned for:
 - i. Making a false statement, misrepresentation, or material omission in the application;
 - ii. Fraudulently obtaining repayment for a loan; or
 - iii. Committing any other illegal action in connection with the PCPLRP;
 - 4. The notarized signature of the primary care provider certifying that the statements listed in subsection (A)(3) are true;
 - 5. The full name and title of the individual in the senior leadership position at the service site;
 - 6. A statement that the information on the original service site application is still accurate; and
 - 7. The notarized signature of the individual in the senior leadership position at the service site certifying that the statement in subsection (A)(6) is true.
- B. If the original service site application is no longer accurate, or the original primary care provider application contains inaccurate information other than loan balances and requested repayment amounts, a primary care provider may reapply only by submitting the documents and information required by R9-15-209(A) and R9-15-210(A) and (B).

R9-15-213. Service Verification

- A. The Department awards loan repayment for continuous service during the contract period in accordance with the agreements in R9-15-206(A).
- B. To demonstrate continuous service, a primary care provider who has received a loan repayment award shall submit to the Department a completed service verification form, provided by the Department, at the end of each 90 days of service.
 - 1. The primary care provider shall submit the service verification form no later than 14 days after the end of the 90-day period.
 - 2. Failure to submit the service verification form in a timely manner may result in delay of payment to the lender or lenders.
- C. The service verification form shall contain the following:
 - 1. The name of the primary care provider,
 - 2. The name and address of the service site,
 - 3. The beginning and ending dates of the 90-day period,
 - 4. A statement that the primary care provider has provided full-time and continuous service at the service site for the 90-day period,

5. The notarized signature of the primary care provider certifying that the statement in subsection (C)(4) is true, and
6. The notarized signature of the individual in the senior leadership position at the service site certifying that the statement in subsection (C)(4) is true.

R9-15-214. Loan Repayments

- A. Upon receipt of a completed service verification form, the Department shall make payment for the 90-day period directly to the primary care provider's lender or lenders.
- B. The Department restricts loan repayment to a maximum of three lenders.
- C. If more than one loan is eligible for repayment, the primary care provider shall advise the Department of the percentage split of the repayment award to each lender.
- D. The primary care provider remains responsible for timely repayment of the loan or loans.
- E. The primary care provider shall arrange with each lender to make necessary changes in the payment schedule for each loan so that quarterly payments will not result in default.
- F. The primary care provider is responsible for paying any taxes resulting from a loan repayment award.
- G. Loan repayment awards are in addition to salary or compensation the primary care provider receives from employment at the service site.

R9-15-215. Notice of Failure to Complete Full Term of Service under the Contract at the Service Site

- A. A primary care provider who is unable to complete the full term of service under the contract at the service site shall notify the Department in writing within ten days of making that determination. A primary care provider who does not intend to complete the full term of service under the contract at the service site shall notify the Department in writing at least ten days before terminating service under the contract at the service site.
- B. If a primary care provider dies or is incapacitated, the individual in the senior leadership position at the service site shall notify the Department in writing within ten days of the primary care provider's death or incapacitation.
- C. In the written notice under subsection (A) or (B), the primary care provider or individual in the senior leadership position at the service site shall provide the reasons for the primary care provider's failure to complete the full term of service under the contract at the service site.

R9-15-216. Liquidated Damages for Failure to Complete Full Term of Service under the Contract

- A. A primary care provider who fails to complete the full term of service under the contract shall pay to the Department the liquidated damages owed under A.R.S. § 36-2172(J), unless the primary care provider receives a waiver of the liquidated damages under R9-15-218.
- B. A primary care provider shall pay the liquidated damages to the Department within one year of termination of service under the contract or within one year of the end of a suspension granted under R9-15-217, whichever is later.

R9-15-217. Suspension of Service under the Contract to Transfer to Another Eligible Service Site

- A. A primary care provider who is unable or does not intend to complete the full term of service under the contract at the original service site may transfer to another eligible service site to complete the remainder of the term of service under the contract.
- B. Upon request, the Department shall provide to a primary care provider a list of all known eligible service sites within the state.
- C. The primary care provider is responsible for obtaining employment at another eligible service site in order to transfer.
- D. A primary care provider who desires to transfer from the original service site to another eligible service site may request suspension of the contract for a period of up to six months to allow the primary care provider to obtain employment at another eligible service site.
 1. To request suspension, the primary care provider shall submit to the Department a written request for suspension that includes:
 - a. The following information about the primary care provider:
 - i. Full name,
 - ii. Address, and
 - iii. Telephone number;
 - b. The following information about the original service site:
 - i. Name,
 - ii. Address,
 - iii. Telephone number, and
 - iv. Full name and telephone number of the individual in the senior leadership position;
 - c. The reasons for the primary care provider's inability or intention not to complete the full term of service under the contract at the original service site;
 - d. The beginning and ending dates of the requested suspension;
 - e. A statement that all of the information included in the request for suspension is true and accurate; and
 - f. The signature of the primary care provider.

2. Upon receiving a request for suspension, the Department shall contact the individual in the senior leadership position at the original service site:
 - a. To verify the information in the request for suspension, and
 - b. To obtain the opinion of the original service site's leadership regarding the circumstances that caused the request for suspension.
3. The Department shall grant a suspension within 30 days of receiving a complete request for suspension.
- E. During the suspension period, the Department shall not make loan payments. The primary care provider is responsible for making loan payments during the suspension period.
- F. If the primary care provider does not obtain employment at another eligible service site by the end of the suspension period, the primary care provider shall pay to the Department liquidated damages owed under A.R.S. § 36-2172(J) as prescribed in R9-15-216, unless the primary care provider is able to obtain a waiver under R9-15-218.

R9-15-218. Waiver of Liquidated Damages

- A. The Department shall waive liquidated damages owed under A.R.S. § 36-2172(J) if the primary care provider is unable to complete the full term of service under the contract due to the primary care provider's death.
- B. The Department may waive liquidated damages owed under A.R.S. § 36-2172(J) if the primary care provider is unable or does not intend to complete the full term of service under the contract because:
 1. The primary care provider suffers from a physical or mental disability resulting in the primary care provider's permanent inability to perform the services required by the contract; or
 2. The primary care provider has:
 - a. A physical or mental disability,
 - b. A terminal illness in the immediate family, or
 - c. Another problem of a personal nature; and
 - d. The Department determines that the circumstance or condition described in subsection (B)(2)(a), (b), or (c) intrudes on the primary care provider's present and future ability to perform the services required by the contract so much that the primary care provider will not be able to perform under the contract.
- C. A primary care provider may request a waiver of liquidated damages under this Section by submitting to the Department a written request for waiver that includes:
 1. The following information about the primary care provider:
 - a. Full name,
 - b. Address, and
 - c. Telephone number;
 2. The following information about the service site:
 - a. Name,
 - b. Address,
 - c. Telephone number, and
 - d. Full name and telephone number of the individual in the senior leadership position;
 3. Each circumstance or condition that the primary care provider believes makes the primary care provider eligible for waiver under this Section, including the date on which each circumstance or condition arose;
 4. If the primary care provider asserts eligibility under subsection (B)(1) or (B)(2) due to a physical or mental disability, documentation of the physical or mental disability from the primary care provider's physician or mental health care provider;
 5. If the primary care provider asserts eligibility under subsection (B)(2), the primary care provider's present financial resources and obligations;
 6. If the primary care provider asserts eligibility under subsection (B)(2), the primary care provider's estimated future financial resources and obligations;
 7. A statement that all of the information included in the request for waiver is true and accurate; and
 8. The signature of the primary care provider.
- D. Upon receiving a request for waiver, the Department shall contact the individual in the senior leadership position at the service site to verify the information in the request for waiver and to obtain the opinion of the service site's leadership regarding the circumstance or condition that caused the request for waiver.
- E. In determining whether to grant a waiver under this Section, the Department shall consider:
 1. If the primary care provider is asserting eligibility under subsection (B)(1), the nature, extent, and duration of the primary care provider's physical or mental disability;
 2. If the primary care provider is asserting eligibility under subsection (B)(2):
 - a. The nature, extent, and duration of the problem described;
 - b. The primary care provider's present financial resources and obligations; and
 - c. The primary care provider's estimated future financial resources and obligations; and

3. Whether the primary care provider would be eligible to receive a cancellation or waiver of a service or payment obligation from the Secretary of the United States Department of Health and Human Services under 42 C.F.R. §§ 62.12 and 62.28.
- F. The Department shall send a written notice of appealable agency action that complies with A.R.S. Title 41, Chapter 6, Article 10 to a primary care provider who is denied a waiver under this Section.
- G. A primary care provider may appeal the Department's denial of a waiver.
1. If a primary care provider decides to appeal, the primary care provider shall file a notice of appeal with the Department within 30 days after receiving the notice of appealable agency action.
 2. The appeal shall be conducted in accordance with A.R.S. Title 41, Chapter 6, Article 10.

ARTICLE 3. RURAL PRIVATE PRIMARY CARE PROVIDER LOAN REPAYMENT PROGRAM

R9-15-301. Definitions

In this Article, unless otherwise specified:

1. "AzMUA" means Arizona medically underserved area.
2. "Encounter" means an incident during which a primary care provider provides health care.
3. "RPPCPLRP" means Rural Private Primary Care Provider Loan Repayment Program.

R9-15-302. Loans Qualifying for Repayment

- A. The Department shall use RPPCPLRP funds only to repay:
1. Principal, interest, and related expenses of government loans and commercial loans taken out by a primary care provider while obtaining a degree in allopathic or osteopathic medicine or dentistry or as a physician assistant, registered nurse practitioner, or nurse midwife to pay contemporaneous:
 - a. Tuition,
 - b. Reasonable educational expenses, and
 - c. Reasonable living expenses; or
 2. Government or commercial loans resulting from the refinancing or consolidation of loans described in subsection (A)(1).
- B. Obligations or debts incurred under the following are ineligible for repayment:
1. The National Health Service Corps Scholarship Program,
 2. The Armed Forces Health Professional Scholarship Program,
 3. The Indian Health Service Scholarship Program, and
 4. The Arizona Medical Student Loan Program.

R9-15-303. Loan Repayment Application and Award Timetable

- A. The Department shall accept applications for the RPPCPLRP from primary care providers on a quarterly basis each fiscal year, as described below.
1. A primary care provider who wants to be considered for a contract term to commence on July 1 shall submit a complete application so that it is received by the Department between December 16 and March 15.
 2. A primary care provider who wants to be considered for a contract term to commence on October 1 shall submit a complete application so that it is received by the Department between March 16 and June 15.
 3. A primary care provider who wants to be considered for a contract term to commence on January 1 shall submit a complete application so that it is received by the Department between June 16 and September 15.
 4. A primary care provider who wants to be considered for a contract term to commence on April 1 shall submit a complete application so that it is received by the Department between September 16 and December 15.
- B. Only two primary care providers from a service site are eligible to receive loan repayment each fiscal year.
1. The Department shall waive this restriction on November 1 if funds remain for the fiscal year.
 2. A primary care provider whose application is denied under subsection (B) may reapply between November 1 and December 15 to be considered for a contract term to commence on April 1.
- C. The Department shall deny applications received when no funds remain for the fiscal year. A primary care provider whose application is denied due to unavailability of funds for the current fiscal year may reapply after December 15 to be considered for a contract term for the next fiscal year.

R9-15-304. Award Amounts

- A. The Department determines the annual amount of a loan repayment award based upon:
1. The priority ranking of the service site at which the primary care provider plans to serve the contract obligation,
 2. The amount of loan repayment requested,
 3. The contract year of service, and
 4. The availability of funds.
- B. The Department provides loan repayment awards to physicians and dentists according to the following schedule:

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Contract Year of Service	Maximum Annual Award Amount Allowable by Priority of Service Site		
	Priority 1	Priority 2	Priority 3
First year	\$20,000	\$18,000	\$16,000
Second year	\$20,000	\$18,000	\$16,000
Third year	\$22,000	\$20,000	\$18,000
Fourth year	\$25,000	\$22,000	\$20,000

C. The Department provides loan repayment awards to mid-level providers according to the following schedule:

Contract Year of Service	Maximum Annual Award Amount Allowable by Priority of Service Site		
	Priority 1	Priority 2	Priority 3
First year	\$7,500	\$6,000	\$5,000
Second year	\$7,500	\$6,000	\$5,000
Third year	\$9,000	\$7,500	\$6,500
Fourth year	\$10,500	\$9,000	\$8,000

D. The Department shall not award an amount that exceeds the primary care provider's total qualifying loan indebtedness.

E. The Department shall award a primary care provider the amount of loan repayment requested unless the amount requested exceeds the maximum annual amount allowable according to subsection (B) or (C) or the Department has inadequate funds to provide the maximum annual amount allowable and the primary care provider agrees to contract for a lesser amount.

R9-15-305. Loan Repayment Contract

A. In exchange for loan repayment, a primary care provider shall contract with the Department to provide full-time continuous services at a specific eligible service site for a minimum of 24 months in accordance with the agreements described in R9-15-306(A). The primary care provider shall sign and return the contract to the Department.

B. The contract shall comply with A.R.S. Title 41, Chapter 23 and 2 A.A.C. 7.

C. Primary care services performed before the effective date of the RPPCPLRP contract do not count toward satisfaction of the period of service under the contract.

R9-15-306. Primary Care Provider Eligibility Criteria

A. To be eligible to participate in the RPPCPLRP, a primary care provider shall:

1. Be a United States citizen;
2. Have completed the final year of a course of study or program approved by an accrediting agency recognized by the United States Department of Education or the Council for Higher Education Accreditation for higher education in a health profession licensed under A.R.S. Title 32;
3. Hold a current Arizona license or certificate in good standing in a health profession licensed under A.R.S. Title 32;
4. If a physician, have completed a professional residency program and be board certified or eligible to sit for the certifying examination in:
 - a. Family or general practice,
 - b. Pediatrics,
 - c. Obstetrics, or
 - d. Internal medicine;
5. Have a signed contract for current or prospective employment at an eligible service site or a letter of intent signed by the individual in the senior leadership position at an eligible service site indicating an intent to hire the primary care provider or be a sole practitioner running an eligible service site;
6. Agree to contract with the Department to serve full-time providing primary care services at the eligible service site for a minimum of 24 months, with 12- or 24-month contract extensions available upon mutual agreement with the individual in the senior leadership position at the service site;
7. Agree, unless an obstetrician or nurse midwife, to work at least 32 of the minimum 40 hours per week providing ambulatory care services at the service site during scheduled office hours;
8. Agree, if an obstetrician or nurse midwife, to work at least 21 hours per week providing ambulatory care services at the service site during scheduled office hours;

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9. Agree to charge for services at the usual and customary rates prevailing in the primary care area, except that medically uninsured individuals from family units with annual incomes below 200% of the poverty level shall be charged according to a discounted sliding-fee scale approved by the Department or not charged;
10. Agree to notify consumers of the availability of the discounted sliding-fee scale to eligible individuals;
11. Agree not to discriminate on the basis of a patient's ability to pay for care or the payment source, including Medicare or AHCCCS;
12. Agree to accept assignment for payment under Medicare and to participate in AHCCCS; and
13. Have satisfied any other obligation for health professional service owed under a contract with a federal, state, or local government or another entity before beginning a period of service under the RPPCPLRP.

B. The following are not eligible to participate:

1. A primary care provider who has breached a health professional services contract with a federal, state, or local government or another entity;
2. A primary care provider against whose property there is a judgment lien for a debt to the United States; and
3. A primary care provider whose service site is located in a non-rural area.

R9-15-307. Service Site Eligibility Criteria

To be eligible to have a primary care provider participate in the RPPCPLRP, a service site shall:

1. Provide primary care services in a rural private practice located in an AzMUA;
2. Accept Medicare assignment;
3. Be an AHCCCS provider;
4. Charge for services at the usual and customary rates prevailing in the primary care area, except that the service site shall have a policy providing that medically uninsured individuals from family units with annual incomes below 200% of the federal poverty level shall be charged a reduced rate according to a discounted sliding-fee scale approved by the Department or not charged;
5. Submit the discounted sliding-fee scale to the Department for approval;
6. Ensure notice to consumers of the availability of the discounted sliding-fee scale to eligible individuals by, at a minimum, posting in the reception area a poster provided by the Department that advertises the availability of the discounted sliding-fee scale for eligible individuals; and
7. Not discriminate on the basis of a patient's ability to pay for care or the payment source, including Medicare or AHCCCS.

R9-15-308. Prioritization of Eligible Service Sites

A. The Department shall prioritize eligible service sites by assigning points based upon the following criteria:

1. Placement of the AzMUA in which the service site is located on the most recent primary care index generated under A.A.C. R9-24-203:

Placement	Points
Top 25th Percentile	4
Next 25th Percentile	3
Next 25th Percentile	2
Bottom 25th Percentile	1

2. Population-to-primary-care-provider ratio points received by the AzMUA in which the service site is located on the most recent primary care index generated under A.A.C. R9-24-203.
3. Percentage of minority population in the AzMUA in which the service site is located as set forth in the most recent primary care index generated under A.A.C. R9-24-203:

Percentage	Points
>50%	4
40-50%	3
30-39%	2
20-29%	1
<20%	0

4. Distance from the service site to the nearest city or town with a population of 20,000 or greater:

Miles	Points
≥45	4
<45	0

B. The Department shall prioritize each eligible service site according to the sum of the points for each factor described in subsection (A):

1. A service site that scores 15 to 22 points is priority 1;
2. A service site that scores 7 to 14 points is priority 2; and
3. A service site that scores 6 or fewer points is priority 3.

R9-15-309. Service Site Application

- A.** The individual in the senior leadership position at a service site shall complete a service site application form, available from the Department, to have the Department determine service site eligibility and a priority score. The individual in the senior leadership position at the service site shall provide the completed service site application to the primary care provider applying to participate in the RPPCPLRP. The completed service site application shall include the following information:
1. The name and street address of the service site;
 2. The service site's business organization type;
 3. The name of the AzMUA in which the service site is located;
 4. The name and address of the primary care provider's prospective employer, if different from the name and address of the service site;
 5. The prospective employer's business organization type, if the prospective employer is different from the service site;
 6. A statement that the service site is in compliance with the requirements of R9-15-307;
 7. A statement that the service site has financial means available to provide the following to the primary care provider for a minimum of 24 months of full-time services:
 - a. Salary,
 - b. Benefits, and
 - c. Malpractice insurance expenses;
 8. The service site's Medicare identification number;
 9. The service site's AHCCCS provider number;
 10. The notarized signature of the individual in the senior leadership position at the service site certifying that all of the information on the application is true; and
 11. The following documentation:
 - a. A copy of the service site's sliding-fee scale, and
 - b. A copy of the service site's policy for using the sliding-fee scale.
- B.** The Department shall send a written notice of appealable agency action that complies with A.R.S. Title 41, Chapter 6, Article 10 to the individual in the senior leadership position at a service site that is determined to be ineligible to have a primary care provider participate in the RPPCPLRP. If the individual in the senior leadership position at the service site decides to appeal, the individual in the senior leadership position at the service site shall file a notice of appeal with the Department within 30 days after receiving the notice of appealable agency action. The appeal shall be conducted in accordance with A.R.S. Title 41, Chapter 6, Article 10.
- C.** If a primary care provider is a sole practitioner, the primary care provider shall complete the service site application as the individual in the senior leadership position at the service site, and the Department will treat the primary care provider as the individual in the senior leadership position at the service site for purposes of subsection (B).

R9-15-310. Primary Care Provider Application

- A.** To apply for loan repayment, a primary care provider shall submit to the Department the following documents:
1. A completed primary care provider application on a form provided by the Department, including the information described in subsection (B);
 2. A copy of the primary care provider's social security card;
 3. A copy of one of the following issued to the primary care provider:
 - a. Birth certificate,
 - b. United States passport, or
 - c. Naturalization papers;
 4. A copy of the loan documents for each qualifying loan for which repayment is requested;
 5. Documentation showing that the primary care provider has completed the final year of a course of study or program approved by an accrediting agency recognized by the United States Department of Education or the Council for Higher Education Accreditation for higher education in a health profession licensed under A.R.S. Title 32;
 6. Documentation showing that the primary care provider holds a current Arizona license or certificate in good standing in a health profession licensed under A.R.S. Title 32;
 7. If a physician, documentation showing that the primary care provider has completed a professional residency program and is either board certified or eligible to sit for the certifying examination in:
 - a. Family or general practice,
 - b. Pediatrics,
 - c. Obstetrics, or
 - d. Internal medicine;
 8. If the primary care provider is not a sole practitioner:
 - a. A copy of the contract signed by both the individual in the senior leadership position at the service site and the primary care provider evidencing current or prospective employment with the service site, which may include a

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- provision that the primary care provider may or shall be released from the contract if not selected for a loan repayment award; or
- b. A copy of the letter of intent signed by the individual in the senior leadership position at the service site indicating an intent to hire the primary care provider;
9. Documentation showing that any other obligation for health professional service owed under a contract with a federal, state, or local government or another entity will be satisfied before beginning a period of service under the RPPCPLRP;
 10. A completed service site application; and
 11. A copy of the primary care provider's curriculum vitae.
- B.** A completed primary care provider application form shall include the following:
1. The following information about the primary care provider:
 - a. Full name;
 - b. Social security number;
 - c. Date of birth;
 - d. Citizenship;
 - e. Ethnicity;
 - f. Gender;
 - g. Home address;
 - h. Home and alternate telephone numbers;
 - i. Work address;
 - j. Work telephone number;
 - k. Whether the primary care provider is:
 - i. A physician,
 - ii. A physician assistant,
 - iii. A registered nurse practitioner,
 - iv. A nurse midwife, or
 - v. A dentist;
 - l. Whether the primary care provider specializes in:
 - i. Family or general practice,
 - ii. Pediatrics,
 - iii. Obstetrics, or
 - iv. Internal medicine;
 - m. The primary care provider's subspecialty, if any;
 - n. Whether the primary care provider is fluent in:
 - i. Spanish;
 - ii. A Native American language, which shall be identified; or
 - iii. Another non-English language, which shall be identified;
 - o. The method by which the primary care provider learned of the RPPCPLRP;
 - p. The degrees held by the primary care provider, including majors or fields of study;
 - q. Whether the primary care provider has a prior or existing health professional service obligation and the following information about each prior or existing service obligation:
 - i. The name and address of the program,
 - ii. The name and telephone number of an individual with the program who may be contacted for further information, and
 - iii. The terms of the obligation;
 - r. Whether the primary care provider is in default of a health professional service obligation described under subsection (B)(1)(q) and a description of the circumstances of default, if any; and
 - s. Whether any of the primary care provider's property is subject to a judgment lien for a debt to the United States;
 2. The following information about each undergraduate school that the primary care provider attended:
 - a. Name;
 - b. Address;
 - c. Month and year that attendance commenced;
 - d. Month and year of graduation or termination of attendance;
 - e. Degree obtained by the primary care provider; and
 - f. The following information about one reference at the school:
 - i. Full name,
 - ii. Title, and
 - iii. Telephone number;
 3. The following information about each graduate school that the primary care provider attended:

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- a. Name;
 - b. Address;
 - c. Month and year that attendance commenced;
 - d. Month and year of graduation or termination of attendance;
 - e. Degree obtained by the primary care provider; and
 - f. The following information about one reference at the school:
 - i. Full name,
 - ii. Title, and
 - iii. Telephone number;
4. The following information about each institution where the primary care provider commenced or completed an internship:
- a. Name;
 - b. Address;
 - c. Month and year that the internship commenced;
 - d. Month and year of graduation or termination of the internship;
 - e. The following information about one reference at the institution:
 - i. Full name,
 - ii. Title, and
 - iii. Telephone number, and
 - f. The name and address of the affiliated university or health professional program;
5. The following information about each institution where the primary care provider commenced or completed a residency:
- a. Name;
 - b. Address;
 - c. Month and year that the residency commenced;
 - d. Month and year of graduation or termination of the residency;
 - e. The following information about one reference at the institution:
 - i. Full name,
 - ii. Title, and
 - iii. Telephone number; and
 - f. The name and address of the affiliated university or health professional program;
6. The following information about each license held by the primary care provider:
- a. Type of license,
 - b. Issuing state,
 - c. License number,
 - d. Term of the license, and
 - e. A description of any license restrictions;
7. The following information about each certification held by the primary care provider:
- a. Type of certification,
 - b. Issuing state,
 - c. Term of the certification, and
 - d. A description of any certification restrictions;
8. The following information about each location where the primary care provider has practiced since completing health professional training:
- a. Name;
 - b. Address; and
 - c. The following information about the individual in the senior leadership position at the location:
 - i. Full name,
 - ii. Title, and
 - iii. Telephone number;
9. The following information about the service site:
- a. Name;
 - b. Address;
 - c. Telephone number; and
 - d. If the primary care provider is not a sole practitioner, name of the individual in the senior leadership position at the service site;
10. If the primary care provider is not a sole practitioner, the following information about the prospective employer, if different from the service site:
- a. Name,

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- b. Address, and
 - c. Telephone number;
 - 11. The dates on which service under the contract is to commence and end;
 - 12. The following information about each of three professional references not provided elsewhere in the application for the primary care provider:
 - a. Full name,
 - b. Title,
 - c. Address, and
 - d. Telephone number;
 - 13. The following information about each loan for which repayment is sought:
 - a. Lender name;
 - b. Lender address;
 - c. Lender telephone number;
 - d. Loan identification number;
 - e. Primary care provider name as it appears on the loan;
 - f. Original amount of the loan;
 - g. Current balance of the loan, including the date provided;
 - h. Interest rate on the loan;
 - i. Whether it is simple interest and an explanation if it is not simple interest;
 - j. Purpose for the loan as indicated on the loan application; and
 - k. The month and year of the beginning and end of the academic period covered by the loan;
 - 14. The following statements:
 - a. That the information provided in the application is accurate;
 - b. That the primary care provider is applying to enter into a contract with the State of Arizona for repayment of all or part of the educational loans listed in the application;
 - c. That the Department is authorized to verify all information provided in the application;
 - d. That the loans listed in the application were incurred solely for the costs of health professional education, including reasonable educational expenses and reasonable living expenses, and do not reflect loans for other purposes;
 - e. That each government or financial institution named as a lender in the application is authorized to release to the Department information about the loan received by the primary care provider; and
 - f. That the primary care provider understands that the primary care provider could be fined or imprisoned for:
 - i. Making a false statement, misrepresentation, or material omission in the application;
 - ii. Fraudulently obtaining repayment for a loan; or
 - iii. Committing any other illegal action in connection with the RPPCPLRP;
 - 15. The notarized signature of the primary care provider certifying that the statements listed in subsection (B)(14) are true; and
 - 16. For each loan for which repayment is sought, the notarized signature of an individual authorized to sign for the lender certifying that the loan from that lender is a bona fide and legally enforceable commercial or government loan made to meet the costs of the primary care provider's health professional education.
- C.** A primary care provider shall execute any document necessary for the Department to access records and acquire information necessary to verify information provided by the primary care provider.
- D.** The Department shall verify all loan information with each lender. The Department may verify any other information provided by the primary care provider.

R9-15-311. Selection of Primary Care Providers

- A.** Each quarter, provided that funds are available, the Department shall review all complete applications received from eligible primary care providers and make awards in order of service site priority, subject to the following:
- 1. The service site limit described in R9-15-303(B);
 - 2. The extent to which a primary care provider's training is in a health profession or specialty determined by the Department to be needed by the primary care area in which the service site is located; and
 - 3. The primary care provider's professional competence and conduct, as evidenced by:
 - a. Academic standing;
 - b. Prior professional experience in an AzMUA,
 - c. Board certification, if applicable;
 - d. Residency achievements, if applicable;
 - e. Reference recommendations;
 - f. Depth of past residency practice experience, if applicable; and
 - g. Other information related to professional competence and conduct, if any.
- B.** The Department shall follow the procedure described in subsection (A) until no funds remain for the fiscal year or all complete applications have been processed.

- C. The Department shall send a written notice of appealable agency action that complies with A.R.S. Title 41, Chapter 6, Article 10 to each primary care provider who:
 - 1. Is denied a loan repayment award;
 - 2. Receives less than the maximum loan repayment award authorized for the primary care provider's service site; or
 - 3. Receives less than the amount requested, if the amount requested is less than the maximum loan repayment award authorized for the primary care provider's service site.
- D. A primary care provider who receives notice of appealable agency action may appeal the Department's decision.
 - 1. If a primary care provider decides to appeal, the primary care provider shall file a notice of appeal with the Department within 30 days after receiving the notice of appealable agency action.
 - 2. The appeal shall be conducted in accordance with A.R.S. Title 41, Chapter 6, Article 10.

R9-15-312. Reapplication

- A. If the information provided in the original service site application is still accurate, and the information provided in the original primary care provider application, other than loan balances and requested repayment amounts, is still accurate, a primary care provider may reapply by submitting a completed reapplication form supplied by the Department. A completed reapplication form shall include the following:
 - 1. The following information about the primary care provider:
 - a. Full name,
 - b. Social security number,
 - c. Date of birth,
 - d. Home address,
 - e. Home and alternate telephone numbers,
 - f. Work address, and
 - g. Work telephone number;
 - 2. The current balance of and repayment amount requested for each loan listed in the original primary care provider application;
 - 3. The following statements:
 - a. That the information provided in the original primary care provider application, other than loan balances and requested repayment amounts, is still accurate;
 - b. That the primary care provider is reapplying to enter into a contract with the State of Arizona for repayment of all or part of the educational loans listed in the original primary care provider application;
 - c. That the Department is authorized to verify all information provided in the original primary care provider application and the current balance of each loan;
 - d. That the loans listed in the original primary care provider application were incurred solely for the costs of the primary care provider's health professional education, including reasonable educational expenses and reasonable living expenses, and do not reflect loans for other purposes;
 - e. That each government or financial institution named as a lender in the original primary care provider application is authorized to release to the Department information about the loan received by the primary care provider; and
 - f. That the primary care provider understands that the primary care provider could be fined or imprisoned for:
 - i. Making a false statement, misrepresentation, or material omission in the application;
 - ii. Fraudulently obtaining repayment for a loan; or
 - iii. Committing any other illegal action in connection with the RPPCPLRP;
 - 4. The notarized signature of the primary care provider certifying that the statements listed in subsection (A)(3) are true;
 - 5. If the primary care provider is not a sole practitioner, the full name and title of the individual in the senior leadership position at the service site;
 - 6. A statement that the information on the original service site application is still accurate; and
 - 7. One of the following:
 - a. If the primary care provider is not a sole practitioner, the notarized signature of the individual in the senior leadership position at the service site certifying that the statement in subsection (A)(6) is true; or
 - b. If the primary care provider is a sole practitioner, the notarized signature of the primary care provider certifying that the statement in subsection (A)(6) is true.
- B. If the original service site application is no longer accurate, or the original primary care provider application contains inaccurate information other than loan balances and requested repayment amounts, a primary care provider may reapply only by submitting the documents and information required by R9-15-309(A) and R9-15-310(A) and (B).

R9-15-313. Service Verification

- A. The Department awards loan repayment for continuous service during the contract period in accordance with the agreements in R9-15-306(A).

- B.** To demonstrate continuous service, a primary care provider who has received a loan repayment award shall submit to the Department a completed service verification form and a completed encounter report, provided by the Department, at the end of each 90 days of service.
 - 1. The primary care provider shall submit the service verification form and the encounter report no later than 14 days after the end of the 90-day period.
 - 2. Failure to submit the service verification form and the encounter report in a timely manner may result in delay of payment to the lender or lenders.
- C.** The service verification form shall contain the following:
 - 1. The name of the primary care provider;
 - 2. The name and address of the service site;
 - 3. The beginning and ending dates of the 90-day period;
 - 4. A statement that the primary care provider has provided full-time and continuous service at the service site for the 90-day period;
 - 5. The notarized signature of the primary care provider certifying that the statement in subsection (C)(4) is true; and
 - 6. If the primary care provider is not a sole practitioner, the notarized signature of the individual in the senior leadership position at the service site certifying that the statement in subsection (C)(4) is true.
- D.** The encounter form shall contain the following:
 - 1. The name of the primary care provider;
 - 2. The name and address of the service site;
 - 3. The number of encounters during the 90-day-period with individuals who were charged using the sliding-fee scale or were not charged;
 - 4. The beginning and ending dates of the 90-day period;
 - 5. A statement that the primary care provider has provided the services reported in the encounter report in accordance with the terms and conditions of the primary care provider's loan repayment contract with the Department;
 - 6. The notarized signature of the primary care provider certifying that the statement in subsection (D)(5) is true; and
 - 7. If the primary care provider is not a sole practitioner, the notarized signature of the individual in the senior leadership position at the service site certifying that the statement in subsection (D)(5) is true.

R9-15-314. Loan Repayments

- A.** Upon receipt of a completed service verification form and a completed encounter report, the Department shall make payment for the 90-day period directly to the primary care provider's lender or lenders.
- B.** The Department restricts loan repayment to a maximum of three lenders.
- C.** If more than one loan is eligible for repayment, the primary care provider shall advise the Department of the percentage split of the repayment award to each lender.
- D.** The primary care provider remains responsible for timely repayment of the loan or loans.
- E.** The primary care provider shall arrange with each lender to make necessary changes in the payment schedule for each loan so that quarterly payments will not result in default.
- F.** The primary care provider is responsible for paying any taxes resulting from a loan repayment award.
- G.** Loan repayment awards are in addition to salary or compensation the primary care provider receives from employment at the service site.

R9-15-315. Notice of Failure to Complete Full Term of Service under the Contract at the Service Site

- A.** A primary care provider who is unable to complete the full term of service under the contract at the service site shall notify the Department in writing within ten days of making that determination. A primary care provider who does not intend to complete the full term of service under the contract at the service site shall notify the Department in writing at least ten days before terminating service under the contract at the service site.
- B.** If a primary care provider who is not a sole practitioner dies or is incapacitated, the individual in the senior leadership position at the service site shall notify the Department in writing within ten days of the primary care provider's death or incapacitation.
- C.** In the written notice under subsection (A) or (B), the primary care provider or individual in the senior leadership position at the service site shall provide the reasons for the primary care provider's failure to complete the full term of service under the contract at the service site.

R9-15-316. Liquidated Damages for Failure to Complete Full Term of Service under the Contract

- A.** A primary care provider who fails to complete the full term of service under the contract shall pay to the Department the liquidated damages owed under A.R.S. § 36-2172(J), unless the primary care provider receives a waiver of the liquidated damages under R9-15-318.
- B.** A primary care provider shall pay the liquidated damages to the Department within one year of termination of service under the contract or within one year of the end of a suspension granted under R9-15-317, whichever is later.

R9-15-317. Suspension of Service under the Contract to Transfer to Another Eligible Service Site

- A. A primary care provider who is unable or does not intend to complete the full term of service under the contract at the original service site may transfer to another eligible service site to complete the remainder of the term of service under the contract.
- B. Upon request, the Department shall provide to a primary care provider a list of all known eligible service sites within the state.
- C. The primary care provider is responsible for obtaining employment at another eligible service site in order to transfer.
- D. A primary care provider who desires to transfer from the original service site to another eligible service site may request suspension of the contract for a period of up to six months to allow the primary care provider to obtain employment at another eligible service site.
 - 1. To request suspension, the primary care provider shall submit to the Department a written request for suspension that includes:
 - a. The following information about the primary care provider:
 - i. Full name,
 - ii. Address, and
 - iii. Telephone number;
 - b. The following information about the original service site:
 - i. Name;
 - ii. Address;
 - iii. Telephone number; and
 - iv. Full name and telephone number of the individual in the senior leadership position or, if the primary care provider is a sole practitioner, of the primary care provider;
 - c. The reasons for the primary care provider's inability or intention not to complete the full term of service under the contract at the original service site;
 - d. The beginning and ending dates of the requested suspension;
 - e. A statement that all of the information included in the request for suspension is true and accurate; and
 - f. The signature of the primary care provider.
 - 2. Upon receiving a request for suspension, if the primary care provider is not a sole practitioner, the Department shall contact the individual in the senior leadership position at the original service site:
 - a. To verify the information in the request for suspension, and
 - b. To obtain the opinion of the original service site's leadership regarding the circumstances that caused the request for suspension.
 - 3. The Department shall grant a suspension within 30 days of receiving a complete request for suspension.
- E. During the suspension period, the Department shall not make loan payments. The primary care provider is responsible for making loan repayments during the suspension period.
- F. If the primary care provider does not obtain employment at another eligible service site by the end of the suspension period, the primary care provider shall pay to the Department liquidated damages owed under A.R.S. § 36-2172(J) as prescribed in R9-15-316, unless the primary care provider is able to obtain a waiver under R9-15-318.

R9-15-318. Waiver of Liquidated Damages

- A. The Department shall waive liquidated damages owed under A.R.S. § 36-2172(J) if the primary care provider is unable to complete the full term of service under the contract due to the primary care provider's death.
- B. The Department may waive liquidated damages owed under A.R.S. § 36-2172(J) if the primary care provider is unable or does not intend to complete the full term of service under the contract because:
 - 1. The primary care provider suffers from a physical or mental disability resulting in the primary care provider's permanent inability to perform the services required by the contract; or
 - 2. The primary care provider has:
 - a. A physical or mental disability,
 - b. A terminal illness in the immediate family, or
 - c. Another problem of a personal nature; and
 - 3. The Department determines that the circumstance or condition described in subsection (B)(2)(a), (b), or (c) intrudes on the primary care provider's present and future ability to perform the services required by the contract so much that the primary care provider will not be able to perform under the contract.
- C. A primary care provider may request a waiver of liquidated damages under this Section by submitting to the Department a written request for waiver that includes:
 - 1. The following information about the primary care provider:
 - a. Full name,
 - b. Address, and
 - c. Telephone number;
 - 2. The following information about the service site:

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- a. Name;
 - b. Address;
 - c. Telephone number; and
 - d. If the primary care provider is not a sole practitioner, full name and telephone number of the individual in the senior leadership position;
3. Each circumstance or condition that the primary care provider believes makes the primary care provider eligible for waiver under this Section, including the date on which each circumstance or condition arose;
 4. If the primary care provider asserts eligibility under subsection (B)(1) or (B)(2) due to a physical or mental disability, documentation of the physical or mental disability from the primary care provider's physician or mental health care provider;
 5. If the primary care provider asserts eligibility under subsection (B)(2), the primary care provider's present financial resources and obligations;
 6. If the primary care provider asserts eligibility under subsection (B)(2), the primary care provider's estimated future financial resources and obligations;
 7. A statement that all of the information included in the request for waiver is true and accurate; and
 8. The signature of the primary care provider.
- D.** Upon receiving a request for waiver, if the primary care provider is not a sole practitioner, the Department shall contact the individual in the senior leadership position at the service site to verify the information in the request for waiver and to obtain the opinion of the service site's leadership regarding the circumstance or condition that caused the request for waiver.
- E.** In determining whether to grant a waiver under this Section, the Department shall consider:
1. If the primary care provider is asserting eligibility under subsection (B)(1), the nature, extent, and duration of the primary care provider's physical or mental disability;
 2. If the primary care provider is asserting eligibility under subsection (B)(2):
 - a. The nature, extent, and duration of the problem described;
 - b. The primary care provider's present financial resources and obligations; and
 - c. The primary care provider's estimated future financial resources and obligations.
- F.** The Department shall send a written notice of appealable agency action that complies with A.R.S. Title 41, Chapter 6, Article 10 to a primary care provider who is denied a waiver under this Section.
- G.** A primary care provider may appeal the Department's denial of a waiver.
1. If a primary care provider decides to appeal, the primary care provider shall file a notice of appeal with the Department within 30 days after receiving the notice of appealable agency action.
 2. The appeal shall be conducted in accordance with A.R.S. Title 41, Chapter 6, Article 10.

NOTICE OF FINAL RULEMAKING

TITLE 9. HEALTH SERVICES

**CHAPTER 24. DEPARTMENT OF HEALTH SERVICES
ARIZONA MEDICALLY UNDERSERVED AREA HEALTH SERVICES**

PREAMBLE

<u>1. Section Affected</u>	<u>Rulemaking Action</u>
Article 4	Repeal
R9-24-401	Repeal
R9-24-402	Repeal
R9-24-403	Repeal
R9-24-404	Repeal
R9-24-405	Repeal
Exhibit A	Repeal
R9-24-406	Repeal
R9-24-407	Repeal
R9-24-408	Repeal
Exhibit B	Repeal
R9-24-409	Repeal
R9-24-410	Repeal
R9-24-411	Repeal
Exhibit C	Repeal

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R9-24-412
Exhibit D

Repeal
Repeal

2. The specific authority for the rulemaking, including both the authorizing statutes (general) and the statutes the rules are implementing (specific):

Authorizing statutes: A.R.S. §§ 36-132(A), 36-136(F), 36-2172

Implementing statutes: A.R.S. §§ 36-2172

3. The effective date for the rulemaking:

The rulemaking will become effective on the general effective date for the First Regular Session of the 45th Legislature.

4. A list of all previous notices appearing in the Register addressing the rulemaking:

Notice of Rulemaking Docket Opening: 5 A.A.R. 4376, November 19, 1999

Notice of Rulemaking Docket Opening: 6 A.A.R. 1034, March 17, 2000

Notice of Proposed Rulemaking: 7 A.A.R. 142, January 12, 2001

5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Doug Hirano, Office Chief

Address: Arizona Department of Health Services
Office of Health Systems Development
1740 West Adams, Room 302
Phoenix, Arizona 85007

Telephone: (602) 542-2981

Fax: (602) 542-1062

E-mail: dhirano@hs.state.az.us

or

Name: Kathleen Phillips, Rules Administrator

Address: Arizona Department of Health Services
Office of Administrative Rules
1740 West Adams, Room 102
Phoenix, Arizona 85007

Telephone: (602) 542-1264

Fax: (602) 542-1090

E-mail: kphilli@hs.state.az.us

6. An explanation of the rulemaking, including the agency's reasons for initiating the rulemaking:

A.R.S. § 36-2172 authorizes the Primary Care Provider Loan Repayment Program (PCPLRP) within the Department. The PCPLRP makes repayment of eligible education loans for primary care providers in exchange for a term of service in a public or nonprofit private site in a federally designated health professional shortage area. This rulemaking repeals all of the Sections and Exhibits within Chapter 24, Article 4 so that the Department can adopt new rules for the PCPLRP in a new Chapter 15 entitled Loan Repayment. The Department intends to run both rulemakings simultaneously so that the repeal of Article 4 and the adoption of the new rules in Chapter 15 will take effect at the same time.

7. A reference to any study that the agency relied on in its evaluation of or justification for the rules and where the public may obtain or review the study, all data underlying each study, any analysis of the study, and other supporting material:

None

8. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

9. The summary of the economic, small business, and consumer impact:

This rulemaking is exempt from the need for an Economic, Small Business, and Consumer Impact Statement under A.R.S. § 41-1055(D)(3).

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10. A description of the changes between the proposed rules, including supplemental notices, and the final rules:

The Chapter title is amended to reflect the change made when the final rules for 9 A.A.C. 24, Articles 1 through 3 became effective on January 17, 2001. The stricken text is replaced with only stricken headings at the request of Governor's Regulatory Review Council Staff.

11. A summary of the principal comments and the agency response to them:

Although ADHS held an oral proceeding on February 12, 2001, ADHS did not receive any oral or written comments.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

13. Incorporations by reference and their location in the rules:

Not applicable

14. Was this rule previously adopted as an emergency rule?

No

15. The full text of the rules follows:

TITLE 9. HEALTH SERVICES

**CHAPTER 24. DEPARTMENT OF HEALTH SERVICES
ARIZONA MEDICALLY UNDERSERVED AREA HEALTH SERVICES**

ARTICLE 4. ARIZONA LOAN REPAYMENT PROGRAM REPEALED

Section

- R9-24-401. ~~Definitions~~ Repealed
- R9-24-402. ~~Service Site Eligibility~~ Repealed
- R9-24-403. ~~Funding Set-Asides~~ Repealed
- R9-24-404. ~~Annual Loan Repayment Award Cycle~~ Repealed
- R9-24-405. ~~Site Vacancy Register Eligibility~~ Repealed
 - Exhibit A. ~~Notification of Vacancy for Participation in Arizona Loan Repayment Program (ALRP)~~ Repealed
- R9-24-406. ~~Ranking of Eligible Sites~~ Repealed
- R9-24-407. ~~Applicant Eligibility Criteria~~ Repealed
- R9-24-408. ~~Application and Selection of Program Participants~~ Repealed
 - Exhibit B. ~~Health Professional Application~~ Repealed
- R9-24-409. ~~Loans Qualifying for Repayment~~ Repealed
- R9-24-410. ~~Allowable Award Amounts~~ Repealed
- R9-24-411. ~~Contracting Process~~ Repealed
 - Exhibit C. ~~Arizona Loan Repayment Program Contract~~ Repealed
- R9-24-412. ~~Loan Repayments~~ Repealed
 - Exhibit D. ~~Service Verification Form~~ Repealed

ARTICLE 4. ARIZONA LOAN REPAYMENT PROGRAM REPEALED

R9-24-401. Definitions Repealed

In this Article, unless the context otherwise requires:

1. "ADHS" means the Arizona Department of Health Services.
2. "ALRP" means Arizona Loan Repayment Program.
3. "Ambulatory care services" means all types of primary health care services.
4. "Clinical services" means primary health care services provided in a clinic.
5. "Commercial loans" means loans made by banks, credit unions, savings and loan associations, and other financial or credit institutions whose lending activities are subject to examination and supervision by a federal or state agency.
6. "Degree of shortage ranking" means a ranking assigned to a HPSA by the Secretary of Health and Human Services based on severity of need for primary care providers.
7. "Director" means the Director of the Arizona Department of Health Services.
8. "Health Professional Shortage Area" or "HPSA" means a service area designated by the U.S. Secretary of Health and Human Services as having insufficient primary care physicians pursuant to 42 CFR Part 5.
9. "Medically Underserved Area" or "MUA" means an area in Arizona designated by the state as medically underserved pursuant to A.R.S. § 36-2352.
10. "Minority" means Black, Hispanic, Native American, Eskimo, Aleut, Asian, or Pacific Islander.
11. "National Health Service Corps Health Professional Opportunities List" means the registry of vacancies for provider recruitment assistance approved by the U.S. National Health Service Corps.

12. "Nurse-midwife" means a registered nurse practitioner who is certified by the state Board of Nursing to provide midwifery services.
13. "Nurse practitioner" means a registered nurse certified by the Arizona State Board of Nursing to function in an extended role pursuant to A.R.S. Title 32, Chapter 15, and who provides primary health care services.
14. "Physician" means a physician holding a current and valid Arizona license pursuant to A.R.S. Title 32, Chapter 13 or 17, who has completed a professional residency program accredited by the Accreditation Council for Graduate Medical Education of the American Medical Association, or the Executive Committee of the Council of Post-Doctoral Training of the American Osteopathic Association, in one of the following primary health care specialties: family practice or osteopathic general practice, obstetrics-gynecology, pediatrics, or internal medicine; and who is board-certified in the primary health care specialty, or eligible to sit for the certifying exam.
15. "Physician assistant" means a person certified pursuant to A.R.S. §32-2501, and who provides primary health care services.
16. "Primary health care professional" means physicians serving in the field of family practice, pediatrics, obstetrics, or internal medicine; nurse practitioners; certified nurse midwives; and physician assistants.
17. "Primary health care services" means services provided to persons that preserve health, prevent disease and dysfunction, and care for common illnesses and disabilities.
18. "Provider recruitment awards" means payments that are made available to eligible primary health care professionals who have qualifying educational loans and are beginning practice at an eligible service site.
19. "Provider retention awards" means payments that are made available to eligible primary health care professionals who have qualifying educational loans pursuant to R9-24-410 and who are already practicing at an eligible service site.
20. "Public or nonprofit private entity" means a migrant and community health center funded under Section 329 or 330 of the Public Health Service Act, 42 CFR 51(e); and, a health care entity that delivers primary health services targeted to underserved populations such as low-income individuals, pregnant women, children, the uninsured, the homeless, substance abusers, HIV-infected persons, and the elderly; or other system of care which provides a full range of primary and preventive health and social services and which is recognized as nonprofit under the United States Internal Revenue Code.
21. "Remote rural area" means a rural HPSA that is located 45 miles or more from a city or town with a population of 20,000 or greater.
22. "Rural" means a county with a population of less than 400,000, or a Census County Division with fewer than 50,000 persons in a county with a population of 400,000 or more persons.
23. "Service site" means the location where a public or nonprofit private entity provides primary health care services in a HPSA.
24. "Urban" means an area other than rural or remote rural.

R9-24-402. Service Site Eligibility Repealed

- A.** To be eligible to participate in the ALRP, a service site shall meet the following qualifications:
1. Be a public or nonprofit private entity located and providing primary health care services in a HPSA.
 2. Accept Medicare and Medicaid assignment.
 3. Charge patients at the usual and prevailing rates in the area, and have a sliding fee scale in place for patients based on their ability to pay for services.
 4. Have a record of sound fiscal management as evidenced by audited financial statements for the most recent two years of operation.
 5. Provide a written statement certifying that financial means are available to support a position that receives a loan repayment award, including salary benefits, and malpractice insurance expenses for a minimum of two years.
- B.** Primary health care professionals who are in for-profit solo or group practices are not eligible to participate in the ALRP, even though they are located in a HPSA.
- C.** Sites determined not to be eligible for loan repayment program participation may submit a written request to the Director within 15 days of receipt of the notice denying eligibility for a hearing appealing such denial. The appeal shall be conducted in accordance with the Department's rules of practice and procedure, A.A.C. Title 9, Chapter 1, Article 1.

R9-24-403. Funding Set Asides Repealed

- A.** ALRP funds shall be set aside each year for retention and recruitment loan repayment awards to primary care health professionals who contract to serve at eligible service sites in HPSA's in rural and remote rural areas of the state as follows:
1. 64% for awards in rural areas;
 2. 20% for awards in remote rural areas.
- B.** Sixteen percent of the ALRP funding each year shall be set aside for loan repayment awards to primary health care professionals who contract to serve at eligible sites in HPSA's in urban areas of the state.

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R9-24-404. ~~Annual Loan Repayment Award Cycle Repealed~~

- ~~A.~~ ALRP loan repayment awards shall be made in three sequential phases during the state fiscal year. The first phase shall be for provider retention loan repayment awards. If funds remain after the retention award phase, there shall be a provider recruitment loan repayment award phase. If funds remain after the provider recruitment awards phase, there shall be a final award phase where all urban and rural set aside funds are collapsed into a general pool of funds available for recruitment loan repayment awards.
- ~~B.~~ A schedule of the specific dates that each phase of the loan repayment cycle will open and close shall be published each year by ADHS at least three weeks prior to the start of the first phase of the cycle.
- ~~C.~~ Each service site shall be eligible to receive only one retention and one recruitment loan repayment award during an annual award cycle. The restriction on one recruitment award per site shall be waived midway during phase three if ALRP funds still remain and sites with vacancies that have not received an award indicate they will be unable to match with an eligible provider.

R9-24-405. ~~Site Vacancy Register Eligibility Repealed~~

- ~~A.~~ Only eligible service sites with primary health care professional vacancies which are listed on the ALRP Site Vacancy Register and for which they are seeking loan repayment shall be eligible to participate in the ALRP.
- ~~B.~~ Service sites which seek to be included on the site vacancy register shall complete and submit a Notification of Vacancy form as shown in Exhibit A to ADHS at the beginning of the annual loan repayment award cycle, or at any time throughout the cycle as requested.
- ~~C.~~ In completing the form, sites may include both currently vacant positions and those anticipated to become vacant before the end of the annual loan repayment cycle.
- ~~D.~~ Service sites determined by ADHS to meet the eligibility requirements of R9-24-402 shall be listed on the Vacancy Register by HPSA. The sites shall be ranked by score and prioritized in accordance with R9-24-406 and the vacancies at each site shall be listed.
- ~~E.~~ More than one vacancy for each site may be listed on the Vacancy Register. Vacancies that appear on the National Health Service Corps Health Professional Opportunities List shall not be placed on the ALRP Vacancy Register. Sites shall determine in advance whether a vacancy is to be considered for loan repayment by the National Health Service Corps or by the ALRP.

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Exhibit A. ~~Notification of Vacancy for Participation in Arizona Loan Repayment Program (ALRP)~~ Repealed

~~Arizona Loan Repayment Program
Office of Health Planning,
—Evaluation and Statistics
Arizona Department of Health Services
1740 West Adams Street, Room 312
Phoenix, Arizona 85007
(602) 542-1216 FAX: (602) 542-1244~~

~~NOTIFICATION OF VACANCY~~

~~For Participation in Arizona Loan Repayment Program (ALRP)~~

Complete a separate application for each service delivery site. Use the instructions provided as a guide to completing this application:

Date submitted _____

1. Name of service site: _____

Address: _____

City: _____ County: _____

Zip Code: _____

2. Name of HPSA service area: _____

Federal degree of shortage ranking of the HPSA: (circle one) 1 2 3 4

3. Percent minority population in HPSA: _____

4. Is the practice located in a state-designated Medically Underserved Area (MUA)?

Yes No

Name of State MUA _____

5. How many miles is it from this site to the nearest city or town with a population of 20,000 or greater? _____

Name of town: _____

6. Name of sponsoring organization: _____

Address: _____

City: _____ Zip Code: _____

Executive director / manager's name: _____

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7. Type of organization: _____ Public _____ Private Non-Profit

_____ Government Specify: _____
 (State/County/City)

_____ University

_____ Hospital

_____ Public Health Services (PHS)
 Funded

_____ Other Specify: _____

8. List each position eligible for participation in the ALRP and the following information for each position.

Discipline	Speciality	Retain Existing Provider? (List Name)	Length of Time Position Vacant	Projected Hire Date	Minority Preference?	Bilingual Preference?	Does Position Require Call Duty?

Discipline – Physician, Physician Assistant, Nurse Practitioner, Certified Nurse-Midwife.
 Specify NP or PA if only one is acceptable, or NPA if either is acceptable.

Speciality – Family Medicine, Internal Medicine, Pediatrics, OB/GYN.

Length of Time – Length of time vacant position has been actively recruited (in months).

Minority – Black, Hispanic, Asian, Native American, Other.

Bilingual – Specify language needed.

Call Duty – Put X for positions that require call after hours at least every other night. Put OB for positions that require after hours obstetric calls at least five night a week.

9. Name of site recruitment contact: _____

Title: _____ Phone No. _____

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~~10. Site profile—please attach to this application a description of your site and geographic area including educational and recreational opportunities, churches in the area, industry information, etc.~~

11. Assurances (for executive director / manager's initial)

~~_____ A. Funds are available to support position(s) that receive a loan repayment award to include salary, benefits, and malpractice insurance expenses for a minimum of two years.~~

~~_____ B. We have a documented record of sound fiscal management.~~

~~_____ C. We accept people covered by Titles XVIII (Medicare) and XIX (Medicaid) and those who have no health insurance coverage.~~

~~_____ D. We charge patients at the usual and prevailing rates in the area, and have a sliding fee scale in place for patients based on ability to pay.~~

~~_____ E. Any health professional awarded loan repayment funds will work full time (a minimum of 40 hours a week) in their profession.~~

12. I certify that to the best of my knowledge and belief, all data provided in this application is true and correct.

Executive director / manager:

Name: _____

Title: _____ Phone No. _____
(If other than executive director)

Signature: _____ Date: _____

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R9-24-406. ~~Ranking of Eligible Sites Repealed~~

A. Service sites which meet the eligibility requirements of R9-24-402 and which complete and submit to ADHS a Notification of Vacancy form shall be assigned points for purposes of ranking and shall receive a total score based upon the following criteria and scales:

1. Whether the practice site is in a rural, remote rural, or urban HPSA

	Points
Remote Rural	4
Rural	2
Urban	0

2. Degree of shortage level ranking assigned by the Federal Office of Shortage Designation for the HPSA:

	Points
Level 1	4
Level 2	3
Level 3	2
Level 4	1

3. Whether the HPSA is located in a state-designated MUA:

	Points
Yes	4
No	0

4. The percent of minority population in the HPSA as set forth in the Arizona data from the most recent U.S. decennial census:

	Points
>50%	4
40-50%	3
30-39%	2
20-29%	1
<20%	0

5. Hardship characteristics at the practice site, including the presence of a hard-to-fill position, that is one which has been vacant and actively recruited 12 months or longer; or one that requires after-hours on call duty at least every other

	Points
Vacancy	2
After-hours Call	2
OB-Call	2

B. Eligible service sites shall be prioritized for loan repayment placements and maximum award amounts based upon the total number of points assigned for the five criteria listed in subsection (A). Sites shall be ranked as Priority 1, 2, or 3 based on their total point score as follows:

Priority Rank	Total Points Required
1	14-22
2	8-13
3	<8

C. Information needed to establish priority for each service site shall be provided by the service site on the Notification of Vacancy form at the start of the retention and recruitment cycle each year in accordance with R9-24-405, or at any time during the cycle as requested.

R9-24-407. ~~Applicant Eligibility Criteria Repealed~~

A. To be eligible to participate in the ALRP, an individual shall comply with the following:

1. Be a U.S. Citizen.
2. Be a physician in the field of family practice, pediatrics, obstetrics, or internal medicine; or a nurse practitioner, certified nurse midwife, or physician assistant who provides primary care services.
3. Have completed the final year of a course of study or program in one of the licensed health professions listed above, or hold a current Arizona license or certificate in good standing in accordance with Arizona Revised Statutes, Title 32.
4. If a physician, shall have completed a professional residency program in a primary health care specialty, and be board certified or eligible to sit for the certifying examination in the specialty.
5. Provide evidence of current or prospective employment with an eligible service site.
6. Agree to contract with ADHS to serve full-time, 40 hours per week, at an approved service site for a minimum of two years, with one or two year contract extensions available to physicians upon mutual agreement with the service site.
7. Agree, with the exception of obstetrician / gynecologists and registered nurse midwives, to work at least 32 of the minimum 40 hours per week providing clinical services in the ambulatory setting at the approved service site during

normally scheduled office hours. For an OB/GYN practitioner or registered nurse midwife, agree that not less than 21 hours per week shall be spent providing ambulatory care services during normally scheduled office hours.

8. Agree to charge for professional services at the usual and customary rates prevailing in the area, except that a patient unable to pay the charge shall be charged at a reduced rate or not charged.
9. Agree not to discriminate on the basis of the patient's ability to pay for care or the source of payment, including Title XVIII (Medicare) or Title XIX (Medicaid) of the Social Security Act, and participate in the Arizona Health Care Cost Containment System, Arizona Revised Statutes, Title 36, Chapter 22.
10. Have completely satisfied any other obligation for health professional service which is owed under an agreement with a federal, state, or local government, or other entity such as a health care facility/organization or community, prior to beginning a period of service under this program.

B. In addition to those individuals not meeting the requirements of subsection (A), the following individuals shall not be eligible to participate:

1. Persons who have breached a health professional services contract to the federal government, state, or local government, or other entity such as a health care facility/organization or community.
2. Persons who have a judgement lien against their property for a debt to the United States.

R9-24-408. Application and Selection of Program Participants Repealed

A. Persons who desire to apply for loan repayment award shall complete a Health Professional Application as shown in Exhibit B, provide complete information on each loan they have taken out, provide evidence of compliance with the requirements of R9-24-407(A) and (B), and submit the application and required information to ADHS. All information shall be complete and accurate.

B. Applicants shall provide a copy of an agreement or contract signed by both the executive director or manager of the service site and the applicant evidencing current or prospective employment with the service site. The contract may specify that the applicant shall be released from the contract if not selected for a loan repayment award.

C. Each program participant shall execute such consents or releases of information necessary for the Department to access loan records and acquire information from lenders necessary to verify eligibility and to determine payment amounts. Each loan repayment application shall be checked by ADHS program staff to assure it is complete, and all loan information shall be verified with each lender. ADHS staff shall review the application for eligibility for loan repayment and priority of the service site based upon criteria established in R9-24-406.

D. At the close of each phase of the loan repayment award cycle, ADHS staff shall review all loan repayment applications received during that phase, and make awards based on the priority of the applicants' service sites. Applicants shall be funded in order of the score their service site received pursuant to R9-24-406, with higher scores funded first, until available funds in rural and urban set-asides are exhausted. Any funds collapsed during phase three into a general pool shall be awarded to applicants based on the ranking of the service site. The amount of award shall be determined as prescribed by R9-24-410.

E. Persons determined not to be eligible to participate or not receiving awards in the loan repayment program may submit a written request for a hearing to the Director not later than 15 days after receipt of the notice denying the person eligibility or award. The appeal shall be conducted in accordance with the Department's rules of practice and procedure, A.A.C. Title 9, Chapter 1, Article 1.

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Exhibit B. ~~Health Professional Application~~ Repealed

~~Office of Health Planning, Evaluation
and Statistics
Arizona Department of Health Services
1740 West Adams Street, Room 312
Phoenix, Arizona 85007
(602) 542-1216 FAX: (602) 542-1244~~

**HEALTH PROFESSIONAL
APPLICATION**

Arizona Loan Repayment Program

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SECTION I

DATE: _____

Type of Application: _____

Retention Award _____

Recruitment Award _____

PERSONAL INFORMATION

1. Name: _____
(Last) (First) (Middle Initial)

2. Social Security Number: _____ Date of Birth _____
(Month/Day/Year)

3. Home Address _____
(Number) (Street) (Apt Number)

(City) (State) (Zip)

4. Telephone Number: Home: () _____ Other: () _____

5. Work/School Address _____
Organization Name

(Number) (Street) (Mail Stop)

(City) (State) (Zip)

6. Work/School Telephone () _____

7. Are You A Citizen of the United States? Yes _____ No _____
If yes, attach a copy of your social security card, birth certificate, a U.S. passport, or naturalization papers.

8. Indicate Your Professional Status: _____
Physician _____ Nurse Midwife _____
Nurse Practitioner _____ Physician Assistant _____

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**Office of Health Planning, Evaluation
and Statistics**
Arizona Department of Health Services
1740 West Adams Street, Room 312
Phoenix, Arizona 85007
(602) 542-1216 FAX: (602) 542-1244

**HEALTH PROFESSIONAL
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9. Indicate Your Professional Speciality

General Practice _____ OB/GYN _____
Family Medicine _____ Internal Medicine _____
Pediatrics _____ Other (Specify) _____

10. Subspecialty If Applicable: _____

11. Indicate Your Ethnic Category:

Asian or Pacific Islander _____ White, Non Hispanic _____
Native American (Indian) _____ Hispanic _____
Black _____ Other _____

12. Indicate Gender: Male _____ Female _____

13. Do You Fluently Speak: _____ Spanish
_____ Native Arizona Indian Language (Specify Which Language) _____
_____ Other (Specify) _____

14. How Did You Find Out About This Program?

_____ Arizona Health Providers Resources (AHPR)
_____ Program Flyer
_____ National Health Services Corps
_____ Practice Site
_____ Local AHEC Office
_____ Friend
_____ School/College Financial Aid Office
_____ Professional Organization (Please specify) _____
_____ Other Please specify) _____

SECTION II

Education Information

1. Type of Degrees Held:

BA/BS (Specify Major): _____ MD _____
MA/MS (Specify Field): _____ DO _____
Other: _____

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**Office of Health Planning, Evaluation
and Statistics
Arizona Department of Health Services
1740 West Adams Street, Room 312
Phoenix, Arizona 85007
(602) 542-1216 FAX: (602) 542-1244**

**HEALTH PROFESSIONAL
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Description of License Restrictions (If Any): _____

2. **Certification (Including Board Certification):**

Type of Certificate: _____

State of Certification: _____ Certificate Number: _____

Certification Term: Start: _____ Expiration: _____

Description of Certification Restrictions (If Any): _____

SECTION IV

PROFESSIONAL EMPLOYMENT EXPERIENCE

1. **Practice Site Information:** Provide name and contact (director or official) of site where you practiced since completing your medical training.

a. Name: _____ Title: _____

Address: _____

(Complete Site Name)

(Number)

(Street)

(Site Number)

(City)

(State/Province)

(County)

(Zip Code)

Telephone: () _____

2. **Practice Site Information:** Provide name and contact (director or official) of site where you practiced since completing your medical training.

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a. Name: _____ Title: _____

Address: _____

(Number)

(Street)

(Site Number)

(City)

(State/Province)

(County)

(Zip Code)

Telephone: () _____

3. Practice Site Information: Provide name and contact (director or official) of site where you practiced since completing your medical training.

a. Name: _____ Title: _____

Address: _____

(Complete Site Name)

(Number)

(Street)

(Site Number)

(City)

(State/Province)

(County)

(Zip Code)

Telephone: () _____

If you have additional employment experience, attach information on a separate piece of paper, with your name and social security number at the top

~~SECTION V~~

~~EXISTING OR PRIOR SERVICE COMMITMENTS~~

1. Do you have any existing service obligations? Yes _____ No _____

If yes, Name of Program: _____

Complete Address: _____

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Contact Entity: _____

Telephone Number: () _____

Terms of obligation: _____

2. Are you in default of this or any other obligation: Yes _____ No _____

If yes, describe circumstances: _____

SECTION VI

**SERVICE COMMITMENT FOR
ARIZONA LOAN REPAYMENT AWARD**

1. Service/Employer: Community Based Primary Care Center: _____ Other _____

2. Location of Service: _____

3. Employer and Address: _____

Telephone: () _____

Name of Center Director/Administrator: _____

4. Obligation Service Dates:

Start Date: _____ Completion Date: _____

5. Attach Documentation (Signed Employment Contract) of Current or Prospective Employment at Practice Site.

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~~SECTION VII~~

~~PROFESSIONAL REFERENCE~~

1. Reference Name: _____ Title: _____

Complete Address: _____

_____ () _____

(City)

(State)

(Zip Code)

(Telephone)

2. Reference Name: _____

Title: _____

Complete Address: _____

_____ () _____

(City)

(State)

(Zip Code)

(Telephone)

3. Reference Name _____ Title: _____

Complete Address: _____

_____ () _____

(City)

(State)

(Zip Code)

(Telephone)

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SECTION VIII

LOAN INFORMATION

Please copy and complete this form for each loan which you are applying to have repaid under the Arizona Loan Repayment Program. This form will be sent to each of your lenders for verification.

Name of Lender: _____

Complete Address of Lender: _____

Telephone Number: (____) _____

Lending Institution's Tax Identification Number: _____

Loan Identification Number: _____

Original Amount of Loan: \$ _____

Current Balance: \$ _____ Date of this balance: _____
(Month/Year)

Monthly Payment Amount: \$ _____ Number of payments made: _____

Term of Loan/Number of Payments Remaining: _____ / _____

Interest Rate: _____ % Simple Interest? Yes _____ No _____

If other than simple interest, explain: _____

Provide purpose(s) of loan(s) as indicated on loan application(s): _____

Academic period covered by this loan: _____ to _____
(Month/Year) (Month/Year)

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~~Certification by Applicant Borrower and Release of Loan Information~~

I hereby certify to the accuracy of the previous information and apply to enter into an agreement with the State of Arizona for repayment of all or the appropriate portion of the education loan(s) listed in Section VIII hereof, which loans were incurred solely for the costs of medical education, including reasonable living expenses. I hereby authorize the government or financial institution named in Section VIII to release this information about the loan listed in Section VIII to the administrators of the Arizona Loan Repayment Program.

Legal Signature of Applicant: _____ Date: _____

Social Security Number of Applicant: _____

Name as it appears on loan: _____

(Print or Type)

~~Lending Institution's Certification~~

The undersigned states that, to the best of his or her knowledge, the loan identified in Section VIII is a bona fide legally enforceable commercial, state, or government educational loan made for the purpose of meeting the borrower's costs of attending undergraduate school or graduate school in a health profession.

~~Government / State or Bank Authorized Official~~

Signature: _____ Date: _____

Title: _____

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~~Section IX~~

~~Certification~~

- ~~1. I hereby certify that, to the best of my knowledge, the loans identified in this application are professional medical educational loans, incurred solely for the costs of medical education, including reasonable living expenses, at an undergraduate school, or a school of medicine, osteopathy, or other health profession; and that the loan amounts do not reflect consolidated loans for other purposes.~~

- ~~2. I hereby certify that, to the best of my knowledge, the information contained in this application is accurate, and authorize the Arizona Department of Health Services or its designee to verify all information presented.~~

~~WARNING:~~

~~Any person who knowingly makes a false statement or misrepresentation or material omission in this loan repayment application, fraudulently obtains repayment for a loan, or commits any other illegal action in connection with this transaction is subject to fine or imprisonment. I have read this statement and understand its contents.~~

~~Typed or Printed Name: _____~~

~~Social Security Number: _____~~

~~Signature: X _____ Date: _____~~

~~State of Arizona)~~

~~)~~

~~County of)~~

~~The foregoing instrument was acknowledged before me this _____ day of _____,
_____, by _____.~~

~~My Commission Expires: _____~~

~~Notary Public~~

~~PLEASE SEND YOUR CURRICULUM VITAE WITH THIS APPLICATION~~

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R9-24-409. ~~Loans Qualifying for Repayment Repealed~~

- A.** Repayment shall be available for the principal, interest, and related expenses of government and commercial loans taken out by the participant for the following:
1. Actual costs paid for school tuition and required fees for undergraduate and graduate education;
 2. Reasonable education expenses required by the undergraduate and graduate school, including books, fees, laboratory expenses, educational equipment and supplies;
 3. Reasonable living expenses, including room and board, transportation costs, and other costs paid during an individual's attendance at a college, university or health professions school, which are equal to or less than the school's estimated standard student budget.
- B.** Obligations or debts incurred under any of the following programs shall not be eligible for repayment:
1. National Health Service Corps Scholarship Program;
 2. Armed Forces Health Professional Scholarship Program;
 3. Indian Health Service Scholarship Program; or
 4. Arizona Medical Student Loan Program.
- C.** Any professional practice performed prior to the effective date of the ALRP contract, including any practice done while the provider is in professional school or a graduate training program shall not count toward satisfying a period of obligated service under this contract.
- D.** Loan repayment awards shall not be used to pay loans from family members.

R9-24-410. ~~Allowable Award Amounts Repealed~~

- A.** The amount of the loan repayment award for a primary care physician shall be determined based upon the priority ranking assigned to the service site at which the physician plans to serve the two-year contract obligation and the physician's total student loan indebtedness. Physicians shall be awarded amounts according to the following schedule:

Contracted Years of Service	Maximum Awards Amount Allowable By Priority of Service Site		
	Priority 1	Priority 2	Priority 3
1st year	\$20,000	\$18,000	\$16,000
2nd year	\$20,000	\$18,000	\$16,000
3rd year	\$22,000	\$20,000	\$18,000
4th year	\$25,000	\$22,000	\$20,000

- B.** A nurse practitioner, certified nurse midwife, or physician assistant shall receive a loan repayment award of up to \$7,500 per year depending upon the priority ranking of the service site at which the provider contracts to serve and the provider's total student loan indebtedness. Maximum award amounts are as follows:

Contracted Years of Service	Maximum Awards Amount Allowable By Priority of Service Site		
	Priority 1	Priority 2	Priority 3
1st year	\$7,500	\$6,000	\$5,000
2nd year	\$7,500	\$6,000	\$5,000

- C.** An award to a recipient shall not exceed the recipient's total student loan indebtedness. Loan repayment awards shall be in addition to any salary or compensation the provider receives from employment at the service site.
- D.** Awards to loan repayment recipients shall be for continuous service during the two-year contract period in accordance with the agreements set forth in R9-24-407.
- E.** The recipient shall receive the amount of loan repayment requested unless it exceeds the maximum amount allowable pursuant to subsections (A) and (B), or unless there is inadequate funding left to provide the maximum amount allowable and the recipient agrees to contract for a lesser amount.
- F.** Loan repayment to lenders shall be restricted to a maximum of three lending institutions for each recipient. Upon receipt of the award notification letter, the recipient shall complete and return to ADHS a Priority for Repayment form setting forth the priority of payment to the lenders and providing the following information for each lender:
1. Name of the lending institution;
 2. Address;
 3. Telephone number;
 4. Contact person;

5. The lending institution's tax identification number;
6. The loan identification number;
7. Loan amount;
8. Interest rate;
9. Monthly payment amount, and
10. Balance remaining on the loan.

R9-24-411. Contracting Process Repealed

- ~~**A.** An applicant who receives a loan repayment award shall execute a contract with ADHS as shown in Exhibit C to provide services in exchange for loan repayment. The recipient shall sign and return the contract to ADHS.~~
- ~~**B.** The contract shall become a binding agreement in which ADHS agrees to make payments on the participant's qualified loans and the participant agrees to provide services according to the specification of the contract upon signature of the Director or the Director's designee. The effective date for the start of obligated service shall be stated in the contract.~~

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Exhibit C. ~~Arizona Loan Repayment Program Contract Repealed~~

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- 1. Type of Solicitation: **Not Applicable**

- 2. Type of Procurement: **Pursuant to A.R.S. §36-2172, Primary Care Provider Loan Repayment**

- 3. Project Title: **Arizona Loan Repayment Program**

- 4. Geographic Service Area: (as stated in Section C. of the Work Statement)

- 5. ADHS authority to contract for services specified herein: ~~A.R.S. §§36-104, 36-132 and 36-2172~~

- 6. Contractor represents that he is authorized to contract for the performance of, and to perform the services provided herein pursuant to:

Sole Proprietor

- 7. Term: Effective Date:

- Termination Date:

- 8. ~~CONTRACTOR AGREES to perform all the services set forth in the attached Work Statement for the consideration stated herein. The rights and obligations of the parties to this Contract shall be subject to and governed by the General Provisions. To the extent of any inconsistency between the General Provisions and the Work Statement, the terms of the Work Statement shall govern. To the extent of any inconsistency between the Work Statement and the Payment and Budget Page, the terms of the Payment and Budget Page shall govern. To the extent of any inconsistency between the General Provisions, Work Statement, Payment and Budget Page and the Signature Page, the terms of the Signature Page shall govern. Amendments signed by each of the parties and attached hereto are hereby adopted by reference as a part of this Contract, from the effective date of the Amendment, as if fully set out herein.~~

- 9. ~~IN WITNESS WHEREOF, the parties hereto have executed this Contract on the date specified below.~~

10. NAME AND ADDRESS OF CONTRACTOR		11. ARIZONA DEPARTMENT OF HEALTH SERVICES 1740 WEST ADAMS STREET PHOENIX, ARIZONA 85007	
12. SIGNATURE OF AUTHORIZED INDIVIDUAL:	13. DATE	14. SIGNATURE OF AUTHORIZED INDIVIDUAL:	15. DATE
16. TYPED NAME AND TITLE:		17. TYPED NAME AND TITLE:	

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1. **DEFINITIONS:**

As used throughout this document, the following terms shall have the meanings set forth:

- a. "ADHS" means the Arizona Department of Health Services.
- b. "Contractor" means the person, firm, or organization performing, or accountable for performing the services or delivering the items described in this Contract.
- e. "Department" means the Arizona Department of Health Services.
- d. "Director" means the Director of the Arizona Department of Health Services or his duly authorized representative.
- e. "EDA" means effective date of Amendment.
- f. "Fixed Price" means a set price per unit of measurement as specified in the Contract.
- g. "Professional acts" means services or acts of persons whose vocation or occupation requires special, usually advanced, education and skill which is predominantly mental or intellectual rather than physical or manual.
- h. "Program Director" means the person designated to represent the Department only in the program administration of this Contract. The Program Director does not have authority to waive or amend Contract requirements.
- i. "Reimbursement" means the payment method whereby payment(s) shall be made upon receipt of the approved Service Verification Form.
- j. "Service Recipients" means persons who are eligible for services provided by the Department or its authorized Contractor.
- k. "Shall" means mandatory.
- l. "State" means the State of Arizona.
- m. "Work Statement" means those provisions of this Contract which delineate the scope and manner of the specific services to be performed and/or describe the items to be supplied in the performance of this Contract. If the provisions of the Work Statement conflict with the General Provisions, the terms of the Work Statement shall govern.

2. **GENERAL REQUIREMENTS:**

- a. This Contract, and any amendments thereto, shall become effective on the date specified (t)herein.
- b. The Contractor, unless otherwise exempt by law, shall obtain and maintain all licenses, permits and authority necessary to do business and render services under this Contract.
- e. This Contract may be extended for physicians only, by mutual agreement of both parties, for a period not to exceed four years from the original effective date.

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- d. The parties hereto agree that the Contractor is an independent Contractor in the performance of this Contract and is not an officer, employee or agent of the State.
- e. No individual employed by the State shall have a substantial interest in this Contract or receive a substantial benefit that may arise therefrom.
- f. Contractors receiving both Federal and State funds under this Contract shall comply with the certified financial and compliance audit provisions of Office of Management and Budget Circular A-128 or A-133, whichever is applicable and the certified financial and compliance audit provisions of A.R.S. § 35-181.03.

3. OTHER CONTRACTS:

The Department may perform additional work related to this Contract or award other Contracts for such work. The Contractor shall cooperate fully with such other Contractors and/or State employees in scheduling and coordinating its work with such additional work. The Contractor shall afford other Contractors reasonable opportunity for the execution of their work and shall not commit or permit any act which will interfere with the performance of work by any other Contractor or by State employees. The Department shall equitably enforce this Section as to all Contractors to prevent unreasonably burdening any Contractor.

4. ASSIGNMENTS:

The Contractor's rights or obligations under this Contract shall not be assigned without the prior written consent of the Department. The Director may void the Contract if the Contractor becomes insolvent or files bankruptcy or reorganization proceedings under Title XI, United States Code.

5. OWNERSHIP OF INFORMATION:

The Contractor agrees to give recognition to the Department for its support of the program when publishing program material or releasing program related public information.

6. CONFIDENTIALITY OF RECORDS:

The Contractor shall establish and maintain written procedures and controls that comply with Arizona Administrative Code (A.A.C.) R9-1-311 through R9-1-315 regarding disclosure of confidential medical information and records. Upon Department approval of Contractor's written procedures governing confidentiality, the Contractor may release information pursuant to its approved procedures. In the absence of approved procedures, requests for medical information shall be in writing and disclosure authorized by the Department, or where permitted by the rules, by the director of a local health Department. No medical information contained in Contractor's records or obtained from the Department or from others in carrying out its functions under this Contract shall be used or disclosed by Contractor, its agents, officers or employees except as is essential to the performance of duties under this Contract or otherwise permitted under the statutes and rules of the Department. Disclosure to the Department is deemed

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essential to the performance of duties under this Contract. Neither medical information nor names or other information regarding any person applying for, claiming, or receiving items or services contemplated in this Contract, or any employer of such person shall be made available for any political or commercial purpose. Information received from a Federal agency or from any person or provider acting under the Federal agency pursuant to Federal law, shall be disclosed only as provided by Federal law.

7. RECORDS:

- a. Contractors who submit cost or pricing data as provided in A.R.S. § 41-2543 shall maintain books and records which reflect that cost or pricing data under the Contract and shall reflect the Contract services and expenditures. All books and records shall be maintained in accordance with Generally Accepted Accounting Principles (GAAP).
- b. Contractor further agrees:
 - (1) To submit all reports and invoices as specified in the Work Statement of this Contract.
 - (2) The Contractor shall preserve and make available to the Department and its auditors all records for a period of five (5) years from the date of final payment under this Contract and for such period as is required by any other paragraph of this Contract including the following:
 - (a) If this Contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of five (5) years from the date of any such termination.
 - (b) Records which relate to disputes, litigation or the settlement of claims arising out of the performance of this Contract or to cost and expenses of this Contract to which exception has been taken by the Director shall be retained by the Contractor until such appeals, litigation, claims or exceptions have been finally resolved.
 - (c) If requested, the Contractor shall submit such records relating to the Contract to the address specified in Section D.2 of the Work Statement.

8. INDEMNIFICATION:

- a. The Contractor shall at all times indemnify, defend and save harmless the State and/or any of its agents, officials and employees from any and all claims, demands, suits, actions, proceedings, loss, cost and/or damages of every kind and description including any attorney's fees and/or litigation expenses brought or made against or incurred by the State on account of loss of or damage to any property or for injuries to or death of any person caused by, arising out of, or contributed to, in whole or in part, by reasons of any alleged act, omission, professional error, fault, mistake, or negligence of the Contractor, its employees, agents, representatives, or Subcontractors, their employees, agents, or representatives in connection with or incident to the performance of this Contract or arising out of Workers' Compensation claims, Unemployment Compensation claims, or Unemployment Disability Compensation claims of employees of the Contractor and/or its Subcontractors or claims under similar such laws or obligations. The Contractor's obligation under this paragraph shall not extend to any liability caused by the sole negligence of the State or its employees.
- b. The Department shall not be liable for damages to Contractor caused by late disbursement of loan repayment proceeds.

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9. **WARRANTY:**

~~The Contractor warrants that all services shall be performed in conformity with the requirements of this Contract by qualified personnel in accordance with generally recognized standards.~~

10. **AMENDMENTS AND NOTICES:**

- a. ~~No condition or requirement contained in or made a part of this Contract shall be waived or modified without an approved, written amendment to this Contract. Amendments shall be effective only if in writing and signed by all parties.~~
- b. ~~Subsection (a) above notwithstanding, Contractor shall give notice to the Department of any non-material alteration to this Contract. Non-material alterations do not require a written amendment and are:~~
 - (1) ~~Change of address.~~
 - (2) ~~Change of telephone number.~~
 - (3) ~~Change of authorized signatory.~~
 - (4) ~~Changes in the name and/or address of the person to whom notices are to be sent.~~
 - (5) ~~Change in the name of the Contractor where the ownership remains the same.~~
- e. ~~Subsection (a) above notwithstanding, a written amendment shall not be required for funding source change(s) by the Department when the amount of the Contract remains unchanged.~~
- d. ~~Whenever notice is required pursuant to the terms of this Contract, said notice shall be in writing, shall be delivered in person or by certified mail, return receipt requested, and shall be directed to the persons and addresses specified for such purpose in Section D of the Work Statement or to such other persons and/or addresses as either party may designate to the other party by written notice.~~

11. **DISPUTES:**

- a. ~~In the event of a dispute under this Contract, the parties agree to make a good faith attempt to resolve the dispute prior to taking formal action.~~
- b. ~~The parties agree to make use of arbitration in all Contracts subject to mandatory arbitration pursuant to rules adopted under A.R.S. § 12-133.~~
- e. ~~This Contract shall be construed in accordance with Arizona law and any legal action thereupon shall be initiated in an appropriate court of the State of Arizona.~~

12. **TERMINATION OF CONTRACT:**

~~The Department or the State may terminate this Contract under the following conditions:~~

- a. ~~The Director, in addition to other rights set forth elsewhere in the Contract, reserves the right to terminate this Contract in whole or in part without cause effective thirty (30) days after mailing written notice of termination by certified mail, return receipt requested to the Contractor. Upon such~~

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termination, the Contractor shall deliver to the Department a complete set of all documents, programs and other information described in the Contract.

- b. ~~The Director may also terminate this Contract in whole or in part if, during the term of this Contract, the Contractor is listed on the Master List of debarments, suspensions and voluntary exclusions maintained pursuant to A.A.C. R2-7-933. In such case, the Director shall transmit written notice of termination to the Contractor by certified mail, return receipt requested, and this Contract shall be terminated effective upon receipt thereof by the Contractor or such later date as is specified in the notice. In the event the Director terminates this Contract in whole or in part as provided in this subsection, subsection (b), (c), (e) and (f) of Section 13 are incorporated into this Subsection by reference and shall apply to the same extent as if expressly set out herein.~~
 - e. ~~The Director may terminate this Contract by written notice to the Contractor if it is found by the Director after notice and opportunity for a hearing that gratuities in the form of entertainment, gifts, or otherwise were offered or given by the Contractor or any agent or representative of the Contractor to any officer or employee of the State with a view toward securing a Contract or securing favorable treatment with respect to the awarding or amending or the making of any determinations with respect to the performing of such Contract.~~
 - d. ~~Pursuant to A.R.S. § 38-511 the Department may, within three (3) years after its execution, cancel this Contract without penalty or further obligation by the Department if any person significantly involved in initiating, negotiating, securing, drafting or creating this Contract on behalf of the Department is, at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or a consultant to any other party of the Contract with respect to the subject matter of the Contract. Cancellation under this subsection by the Department shall be effective when written notice from the Department is received by all other parties to the Contract unless the notice specifies a later time. In addition to the right to cancel this Contract as provided in this Subsection, the Department may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this Contract on behalf of the Department from any other party to this Contract arising as the result of this Contract.~~
 - e. ~~This Contract may be terminated by mutual written agreement of the parties specifying the termination date therein.~~
13. **DEFAULT:**
- a. ~~The Director, in addition to other rights set forth elsewhere in the Contract, may at any time terminate this Contract in whole or in part if the Director determines that the Contractor has failed to perform any requirement.~~
 - b. ~~The Contractor shall continue the performance of this Contract to the extent not terminated.~~
 - e. ~~If this Contract is terminated as provided herein, the Director, in addition to any other rights provided in this Section, may require the Contractor to transfer title and deliver to the State, in the manner and to the extent directed by the Director, such partially completed reports or other documentation as the Contractor has specifically produced or specifically acquired for the performance of such part of this Contract which has been terminated. Payments for completed reports and other documentation delivered to and accepted by the Director shall be at the Contract price.~~
 - d. ~~The rights and remedies of the Department enumerated in this Section shall be in addition to any other rights and remedies provided by or under this Contract by law.~~

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14. NON-DISCRIMINATION:

The Contractor shall comply with Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1975 and the Federal Executive Order 11246, State Executive Order No. 75-5 and A.R.S. § 41-1461 et seq., which mandate that all persons, regardless of race, color, religion, sex, age, national origin or political affiliation, shall have equal access to employment opportunities. The Contractor shall comply with Section 503 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination in the employment or advancement in employment of qualified persons because of physical or mental handicap. The Contractor shall comply with Title VI of the Civil Rights Act of 1964, as amended, which prohibits the denial of benefits or participation in Contract services on the basis of race, color, or national origin. The Contractor shall comply with the requirements of Section 504 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination on the basis of handicap in delivering Contract services. The Contractor shall comply with the Americans With Disabilities Act of 1990 (Public Law 101-336) and the Arizona Disability Act of 1992 (A.R.S. § 41-1492 et seq.) which prohibit discrimination on the basis of physical or mental disabilities in delivering contract services or in the employment or advancement in employment of qualified persons.

15. ASSIGNMENT OF OVERCHARGES:

The Contractor, the Department and the State recognize that in actual economic practice overcharges resulting from anti-trust violations are in fact borne by the purchaser. Therefore, the Contractor hereby assigns to the Department and the State any and all claims for such overcharges.

16. CONTRACT PAYMENTS:

- a. Payments made by the Department pursuant to this Contract are conditioned upon the availability to the Department of funds authorized for expenditure in the manner and for the purposes provided herein. The Department shall not be liable for any purchases entered into by the Contractor in anticipation of such funding.
- b. Payments made by the Department are conditioned upon receipt of applicable, accurate and complete reports from the Contractor.
- c. If the Contractor is in any manner in default in the performance of any obligation under this Contract, or if audit exceptions are identified, the Department may, at its option and in addition to other available remedies, either adjust the amount of payment or withhold payment until satisfactory resolution of the default or exception. The Contractor shall have the right to written notice of the Department's action in adjusting the amount of payment or withholding payment. Under no circumstances shall the Department authorize payments that exceeds an amount specified in the Contract without an approved written amendment to the Contract. The Department may, at its option, withhold final payment under the Contract until receipt of all final reports and deliverables.

17. RECOUPMENT OF CONTRACT PAYMENTS:

- a. **Unacceptable Expenditures**
The Contractor agrees to reimburse the Department for all Contract funds expended which are determined by the Department or the Auditor General not to have been disbursed in accordance with the terms of this Contract.

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b. Contracted Services

Contractors who do not complete the service obligation pursuant to this Contract shall be liable to the Department for liquidated damages in an amount equivalent to twice the total uncredited amount of the loan repayment contracted for on a prorated monthly basis. The Department may waive the liquidated damages provision of this section if the Department determines that death or permanent physical disability accounted for the failure of the Contractor to fulfill the Contract.

e. Refunds

The liquidated damages stated in 17(b) above shall be paid to the Department within one year of the date of default. If the Contractor does not make payment within this time period, the Department may institute legal action to enforce repayment, and may:

- (1) Recover interest on the liquidated damages at the legal rate of ten percent (10%) per annum;
- (2) Recover the costs of a collection agency;
- (3) Recover attorney's fees and costs incurred in collecting payment of the liquidated damages.

18. VISITATION AND INSPECTION:

The Contractor agrees that the Department and any other appropriate agent of the State or Federal Government, or any of their duly authorized representatives, shall have access during reasonable hours to the Contractor's facilities and the right to examine Contractor's books, documents and records involving transactions related to this Contract.

19. INFRINGEMENT OF PATENTS AND COPYRIGHTS:

- a. The Contractor, at its own expense, shall defend any claim or suit which may be brought against the State for the infringement of United States patents or copyrights arising from the Contractor's use of any equipment, materials, or information prepared or developed in connection with performance of this Contract and in any suit shall satisfy any final judgment for such infringement. The Department shall give the Contractor written notice of such claim or suit and full right and opportunity to conduct the defense thereof, together with full information and all reasonable cooperation.
- b. If principles of governmental or public law are involved, the State may participate in the defense of any such action, but no costs or expenses shall be incurred for the account of Contractor without written consent.
- e. If, in the Contractor's opinion the equipment, materials or information mentioned in Subsection a above is likely to or does become the subject of a claim of infringement of a United States patent or copyright, then without diminishing the Contractor's obligation to satisfy any final award, the Contractor may, with the Director's written consent, substitute other equally suitable equipment, materials and information, or at the Contractor's option and expense, obtain the right for the Contractor or the Department to continue the use of such equipment, material and information.

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CONTRACT NUMBER

WORK STATEMENT

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ARIZONA LOAN REPAYMENT PROGRAM

- A. PURPOSE OF CONTRACT:** For repayment of the qualifying educational loans of primary care physicians, nurse practitioners, certified nurse midwives, and physician assistants in exchange for their provision of primary care provider services at an approved site in a Health Professional Shortage Area (HPSA) for the term of this contract.
- B. SERVICE RECIPIENTS:** HPSA residents.
- C. FACILITY LOCATION(S):**
Services provided under this Contract shall be delivered at the following location(s):
- | | |
|----------------------|--------------------------|
| 1. NAME AND ADDRESS: | DAYS/HOURS OF OPERATION: |
| | As scheduled. |
| 2. SUBCONTRACTOR(S) | DAYS/HOURS OF OPERATION: |
| N/A | N/A |
- D. NOTICES, CORRESPONDENCE, REPORTS AND PAYMENTS:**
1. Reporting Requirements to the Arizona Department of Health Services (ADHS):
 - a. Fiscal: The Contractor shall submit a Service Verification Form verifying that the terms of the contract have been met on a quarterly basis. The Service Verification Form shall be submitted within 10 days after the end of each of quarter (three month period of service) beginning on the effective date of the contract.
 - b. Programmatic: N/A
 2. Notices, Correspondence and Reports from the Contractor shall be sent to:
Arizona Loan Repayment Program Manager
Office of Health Planning, Evaluation and Statistics
Arizona Department of Health Services
1740 West Adams, Room #312
Phoenix, AZ 85007
 3. Notices, Correspondence and Reports from the ADHS shall be sent to:
(Name of Contractor and address)

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CONTRACT NUMBER

GENERAL PROVISIONS

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4. Quarterly loan payments from the ADHS will be sent directly to the Contractor's lenders as listed below:
- a. Lending Institution:
 - Department:
 - Address:

 - Telephone:
 - Loan Number:
 - Tax Identification Number:
 - b. Lending Institution:
 - Department:
 - Address:

 - Telephone:
 - Loan Number:
 - Tax Identification Number:
 - e. Lending Institution:
 - Department:
 - Address:

 - Telephone:
 - Loan Number:
 - Tax Identification Number:

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WORK STATEMENT

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E. LICENSURE/CERTIFICATION REQUIREMENTS:

In addition to General Provisions 2.b., the Contractor shall also obtain and/or maintain the following license(s) and/or certification(s):

1. Personnel: Each primary health care provider shall have a current Arizona license or certificate as required by the specific licensure/certification requirements for their particular health profession. Physicians shall have completed a professional residency program in Family Practice, Pediatrics, Obstetrics, or Internal Medicine.
2. Facility: N/A

F. RESTRICTIONS:

1. In providing health services, Contractor shall not discriminate against any person on the basis of ability to pay for services or because payment for the health services provided will be made pursuant to the program established in Title XVIII (Medicare) of the Social Security Act or pursuant to the program established in Title XIX (Medicaid) of such Act.
2. Contractor must be a United States citizen.
3. Contractor must not have previously incurred an obligation for health professional service to the Federal, State or local government, or other entity unless said obligation(s) is completely satisfied prior to the beginning of service under this contract.
4. Contractor is not in breach of a health professional service contract to the Federal government, State or local government or other entity.
5. Contractor does not have a judgment lien against property for a debt to the United States.
6. Contractor is not allowed to use funds received under this agreement for any professional practice performed prior to the effective date of this agreement. This restriction on use of funds includes any practice performed while the provider is in a professional school or graduate training program.

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WORK STATEMENT

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G. SCOPE OF WORK:

MEDICAL AND RELATED SERVICES

These services pertain to medical care that is performed by physicians, dentists, oral surgeons, or specialists in a discipline necessary for the maintenance or improvement of health (i.e., optometrists, psychologists, genetic counselors) or at the direction of a physician.

1. ACTIVITY: The Contractor shall provide primary health care services at an approved site in a federally designated HPSA in Arizona. The primary health care professional shall:

- a. with the exception of obstetrician/gynecologists (OB/GYN), work a minimum of forty (40) hours a week with at least thirty-two (32) of the minimum 40 hours per week providing clinical services in the ambulatory setting at the approved service site, during normally scheduled office hours. OB/GYN practitioners and certified nurse midwives must provide ambulatory care services during normally scheduled office hours the majority of the 40 hours per week (not less than 21 hours per week).
- b. charge for professional services at the usual and customary prevailing rates in the area(s) in which such services are provided, except that if a person is unable to pay such charge(s), such person shall be charged at a reduced rate or not charged any fee.
- e. accept an assignment for payment under the terms specified in Title XVIII (Medicare) of the Social Security Act, Section 18.42(b)(3)(B)(ii).
- d. enter into an agreement with the Arizona Health Care Cost Containment System (AHCCCS) to provide services to individuals entitled to medical assistance thereunder.

2. SERVICE DELIVERY METHODOLOGY:

Provide primary health care services in accordance with the terms and requirements of the employment contract with the approved service site.

3. EVALUATION METHODOLOGY:

Quarterly Service Verification Forms submitted.

Arizona Administrative Register
Notices of Final Rulemaking

CONTRACT NUMBER	PAYMENT AND BUDGET PAGE	PAGE 13
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- 1. Contract Term:
- 2. Compensation Type: **Fixed Price**
- 3. Payment Method: **Reimbursement**
- 4. Billing Method: **Quarterly Invoice**
- 5. Source of Funds

Federal (*CFDA # 93.165)	\$	ADHS Share	\$ _____
State:	\$	Contractor's Match:	\$ _____
Other	\$ _____	Contract Total:	\$ _____

6. UNITS AND FUNDING SCHEDULE				
Budget Term	Lending Institution	No. Units	Type of Units	Unit Rate
Total				

R9-24-412. ~~Loan Repayments Repealed~~

- ~~**A.** Each participant shall submit to ADHS a Service Verification Form as shown in Exhibit D at the end of each quarter of service, certifying full-time, continuous service by the recipient. The form shall be signed by both the award recipient and the executive director or manager of the service site. Failure to timely submit a Service Verification Form may result in delay of payment to lenders.~~
- ~~**B.** The Department, following receipt of a participant's quarterly Service Verification Form, shall make payments to the participant's lending institutions for each quarter of service over the term of the participant's contract.~~
- ~~**C.** Award payments shall be made directly to the lending institution for each program participant. Participants shall inform their financial lending institutions of any change in the schedule of payments on their loans.~~

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Notices of Final Rulemaking

**Exhibit D. ~~Service Verification Form~~ Repealed
~~Service Verification Form~~**

This is to verify that _____ has completed full-time, continuous employment in
(Loan Repayment Recipient)
good standing at _____, for the service quarter beginning _____
(Practice Site)
and ending _____, as specified in the Arizona Loan Repayment Program contract executed with the
Arizona Department of Health Services. This signed form is due on or before 10 business days after the last day of the
completed quarter of service to assure timely payment on the recipient's education loan(s). The form shall be submitted
to:

**Arizona Loan Repayment Program
Office of Health Planning, Evaluation and Statistics - Rm 312
Arizona Department of Health Services
1740 West Adams Street
Phoenix, Arizona 85007**

I hereby verify I have completed this service quarter as in my contract and seek payment required on my educational loans.

Signature of Loan Recipient Date

Signature of Service Site Date
Executive Director/Administrator or authorized signatory

State of Arizona)

County of)

The foregoing instrument was acknowledged before me this _____ day of _____,
by _____.

My Commission Expires: _____

Notary Public

State of Arizona)

County of)

The foregoing instrument was acknowledged before me this _____ day of _____,
by _____.

My Commission Expires: _____

Notary Public

===== FOR OFFICE USE =====

Contract No. _____ Quarterly Payment Amount \$ _____

Approved for Payment by _____ Date: _____

NOTICE OF FINAL RULEMAKING

TITLE 15. REVENUE

**CHAPTER 2. DEPARTMENT OF REVENUE
INCOME AND WITHHOLDING TAX SECTION**

SUBCHAPTER A. GENERAL AND ADMINISTRATIVE

Notices of Final Rulemaking

PREAMBLE

- 1. Sections Affected**

R15-2A-102	Repeal
R15-2A-103	Amend
R15-2A-104	Amend
R15-2A-201	Repeal
- 2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

Authorizing statute: A.R.S. § 42-1005
Implementing statutes: A.R.S. §§ 1-218, 43-301, 43-304, 43-308, 43-325, 43-328, 43-933, 43-934, 43-1126, 43-1241
- 3. The effective date of the rules:**

June 13, 2001
- 4. A list of all previous notices appearing in the Register addressing the final rule:**

Notice of Rulemaking Docket Opening: 6 A.A.R. 1917, May 26, 2000
Notice of Recodification: 6 A.A.R. 2308, June 23, 2000
Notice of Rulemaking Docket Opening: 6 A.A.R. 4047, October 20, 2000
Notice of Proposed Rulemaking: 7 A.A.R. 969, February 23, 2001
- 5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: Jim Bilski, Tax Analyst
Address: Tax Research & Analysis Section
Arizona Department of Revenue
1600 W. Monroe
Phoenix, AZ 85007
Telephone Number: (602) 542-4672
Fax Number: (602) 542-4680
E-mail: BilskiJ@revenue.state.az.us
- 6. An explanation of the rule, including the agency's reasons for initiating the rule:**

R15-2A-102 is being repealed because it is inconsistent with the statutes (A.R.S. §§ 43-301 and 43-304) and merely repeats the items of income included in Internal Revenue Code § 61.
R15-2A-103 is being amended to incorporate the provisions of A.R.S. § 1-218(E), which relates to designated delivery services under the Internal Revenue Code. This rule is also amended to include 2 additional exceptions to the normal filing deadline and to comply with current rulewriting guidelines.
R15-2A-104 is being amended to specify the procedure for requesting relief from interest and penalties for failing to file timely an Arizona individual income tax return or perform any other act required by A.R.S. Title 43.
R15-2A-201 is being repealed because it is inconsistent with the underlying statute and includes a reference to an example that is not included in the rule.
- 7. Reference to any study that the agency relied on in its evaluation of or justification for the final rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:**

None.
- 8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable.
- 9. The summary of the economic, small business, and consumer impact:**

It is expected that the benefits of the rules will be greater than the costs. Amending the rules will benefit the public by making the rules consistent with current statute and removing language that is obsolete or that is repetitive of statute. Further, by amending the rules to conform to current rulemaking guidelines, the rules will be clearer and easier to understand. Certain taxpayers and the Department are expected to incur minimal costs associated with the written

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Notices of Final Rulemaking

request required under R15-2A-104. The Department, the Governor's Regulatory Review Council, and the Secretary of State's Office will incur the costs associated with the rulemaking process.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

Minor grammatical and technical changes were made in response to suggestions from Council staff.

11. A summary of the principal comments and the agency response to them:

The Department did not receive any written or verbal comments on the rulemaking actions after the publication of the Notice of Proposed Rulemaking.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None.

13. Incorporations by reference and their location in the rules:

None.

14. Was the rule previously adopted as an emergency rule?

No.

15. The full text of the rules follows:

TITLE 15. REVENUE

**CHAPTER 2. DEPARTMENT OF REVENUE
INCOME AND WITHHOLDING TAX SECTION**

SUBCHAPTER A. GENERAL AND ADMINISTRATIVE

ARTICLE 1. DEFINITIONS AND GENERAL PROVISIONS

Section

R15-2A-102. ~~Gross Income Defined for Purposes of Determination to File~~ Repealed

R15-2A-103. Time for Filing Returns Repealed

R15-2A-104. Returns Filed by Persons Outside the United States

ARTICLE 2. GENERAL ACCOUNTING PROVISIONS

Section

R15-2A-201. ~~Application to File Return for Short-Period Income~~ Repealed

ARTICLE 1. DEFINITIONS AND GENERAL PROVISIONS

R15-2A-102. ~~Gross Income Defined for Purposes of Determination to File~~ Repealed

- A.** ~~"Gross income" for the purposes of this Article shall be the gross income as defined in the Internal Revenue Code, Section 61.~~
- B.** ~~Fifteen of the more common types of "gross income" are enumerated by Code Section 61 and are:~~
- ~~1. Compensation for services including fees, commissions, and similar items-~~
 - ~~2. Gross income from business-~~
 - ~~3. Gains from dealing in property-~~
 - ~~4. Interest-~~
 - ~~5. Rents-~~
 - ~~6. Royalties-~~
 - ~~7. Dividends-~~
 - ~~8. Alimony and separate maintenance payments-~~
 - ~~9. Annuities-~~
 - ~~10. Income from life insurance and endowment contracts-~~
 - ~~11. Pensions-~~
 - ~~12. Income from discharge of debt-~~
 - ~~13. Partner's share of partnership income-~~
 - ~~14. Income "in respect of a decedent" and-~~
 - ~~15. Income from an interest in an estate or trust-~~
- C.** ~~Although nearly ever conceivable item of income may seem to fall within the above definitions, income items should nevertheless be checked against the specific exclusions in Code Section 101-123 of the Internal Revenue Code.~~

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R15-2A-103. Time for Filing Returns

- A. Generally, ~~a taxpayer shall file an income tax return returns of income must be filed~~ on or before the 15th day of the 4th full calendar month following the close of the taxable year. This ~~rule requirement~~ is subject to ~~several~~ the following exceptions in which the time for filing is as follows:
1. ~~In the case of a~~ The final income tax return of a decedent for a fractional part of a year the return shall be filed on or before the 15th day of the 4th month following the close of the 12-month period which that began with the 1st day of such fractional part of the taxable year in which the decedent died.
 2. ~~In the case of any return for a fractional part of a year, the~~ The Department may upon a showing by the taxpayer of unusual circumstances, prescribe a later time for the filing of the a return for a fractional part of a year upon a showing by the taxpayer of unusual circumstances.
 3. ~~In the case of a~~ A corporation going into liquidation liquidating all its assets and ceasing operations during any taxable year after completion of such liquidation, the corporation may prepare file a return with the Department for that year immediately after liquidation covering and shall report the income of the corporation for the part of the year during which it the corporation was engaged in business, and may immediately file such return with the Department.
 4. Under A.R.S. § 43-1126, a corporation taxable as an S corporation under the Internal Revenue Code shall file its income tax return with the Department on or before the 15th day of the 3rd month following the close of the taxable year.
 5. Under A.R.S. § 43-1241, an organization, otherwise exempt under A.R.S. § 43-1201, having unrelated business income shall file its income tax return with the Department on or before the 15th day of the 5th month following the close of the taxable year.
- B. ~~The due date for filing an income tax return with the Department is the date on or before which a return is required to be filed in accordance with the provisions of the Act and the regulations prescribed thereunder under A.R.S. Title 43 or the last day of the period covered by an a filing extension of time granted by this the Department. When the due date falls on Saturday, Sunday, or a legal holiday, the due date for filing returns will be the income tax return with the Department is the business day following such the Saturday, Sunday, or legal holiday. If placed in the mails, the returns should be posted in ample time under ordinary handling of the mails to reach the office of the Department on or before the date on which the return is required to be filed. If a return is made and placed in the mails properly addressed and postage paid on or before the due date, a penalty will not be attached should the return not actually be received by such office until subsequent to that date.~~
- C. An income tax return that is placed in the United States mail, properly addressed with postage paid, is deemed filed on the date of the postmark stamped on the envelope. For purposes of this subsection, the terms "United States mail" and "postmark" have the meaning in A.R.S. § 1-218(E).

R15-2A-104. Returns Filed by Persons Outside the United States

- A. ~~If by reason of being a taxpayer is outside the United States a taxpayer and is unable to file an Arizona individual income tax return or perform any act as required by A.R.S. Title 43, the taxpayer he may by written request to the Income Tax Audit Section explain the circumstances and request that the Department disregard the period in which he the taxpayer was unable to comply be disregarded. by filing a written request with the Department within 30 days after returning to the United States that:~~
1. Explains the reasons why the taxpayer was unable to file the income tax return or perform the required act.
 2. Indicates the time period in which the taxpayer was unable to file the income tax return or perform the required act, and
 3. Includes the income tax return and any applicable tax payment.
- B. The taxpayer shall mail the request required under subsection (A) to the Arizona Department of Revenue, Out-of-Country Waiver, 1600 West Monroe, Phoenix, Arizona 85007.
- C. The Department may extend the request period under subsection (A) if circumstances exist that prevent the taxpayer from filing the request within the 30-day period. The written explanation for the taxpayer being unable to file his return shall be submitted to the Department as soon as possible after his return to the United States.
- D. A taxpayer may request an extension to file the income tax return required in subsection (A)(3) if:
1. The other requirements in subsection (A), including payment of the estimated tax due, are met, and
 2. The taxpayer provides documentation of the taxpayer's inability to file the income tax return by the 30-day requirement.
- E. If the Department determines that the causes are such that it was impossible or impracticable for the taxpayer to otherwise timely file an his income tax return or perform the required act, the Department shall relieve the taxpayer will be relieved from the interest and penalties that would have accrued accruing from the his failure to file a timely return or perform the required act.

Arizona Administrative Register
Notices of Final Rulemaking

ARTICLE 2. GENERAL ACCOUNTING PROVISIONS

R15-2A-201. ~~Application to File Return for Short Period Income~~ Repealed

A taxpayer desiring the benefit of Section 43-933 must file an application for it. The application for the benefits of Section 43-933 must be filed not later than the time prescribed for filing the taxpayer's return for the 1st taxable year which ends on or after the last day of December or the 12th month after the beginning of the short period. In this case, the taxpayer must file his application not later than January 15, the time prescribed for filing the return for his fiscal year ending September 30. However, if he obtains an extension of time for filing the return for such fiscal year, he may file his application during the period of such extension. If the Department determines that the taxpayer has established the amount of the net income for the 12-month period, any excess of the tax paid for the short period over the tax computed under Section 43-933 will be credited or refunded to the taxpayer in the same manner as in the case of an overpayment.

NOTICE OF FINAL RULEMAKING

TITLE 15. REVENUE

**CHAPTER 2. DEPARTMENT OF REVENUE
INCOME AND WITHHOLDING TAX SECTION**

SUBCHAPTER C. INDIVIDUALS

PREAMBLE

1. Sections Affected

R15-2C-201
R15-2C-202
R15-2C-204
R15-2C-205
R15-2C-206
R15-2C-207
R15-2C-208
R15-2C-209
R15-2C-210
R15-2C-211
R15-2C-302
R15-2C-303
R15-2C-304
R15-2C-305
R15-2C-306
R15-2C-307
R15-2C-308
R15-2C-309

Rulemaking Action

Amend
Amend
Amend
Amend
Amend
Amend
Repeal
Repeal
Amend
Amend
Repeal
Repeal
Amend
Amend
Amend
Amend
Repeal
Repeal

2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statute:A.R.S. § 42-1005
Implementing statutes:A.R.S. §§ 43-1021, 43-1022, 43-1023

3. The effective date of the rules:

June 13, 2001

4. A list of all previous notices appearing in the Register addressing the final rules:

Notice of Rulemaking Docket Opening: 6 A.A.R. 1808, May 19, 2000
Notice of Rulemaking Docket Opening: 6 A.A.R. 1918, May 26, 2000

Notice of Recodification: 6 A.A.R. 2308, June 23, 2000

Notice of Proposed Rulemaking: 7 A.A.R. 1233, March 16, 2001

5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Jim Bilski
Address: Tax Research & Analysis Section
Arizona Department of Revenue
1600 W. Monroe
Phoenix, AZ 85007
Telephone Number: (602) 542-4672
Fax Number: (602) 542-4680
E-mail: BilskiJ@revenue.state.az.us

6. An explanation of the rule, including the agency's reasons for initiating the rule:

R15-2C-201, R15-2C-202, R15-2C-205, R15-2C-206, R15-2C-207, R15-2C-210, R15-2C-304, and R15-2C-305 are amended to comply with the rulewriting guidelines of the Secretary of State's Office.

R15-2C-204 is amended to combine into 1 rule the adjustments to Arizona gross income that relate to pre-1979 annuities.

R15-2C-208, R15-2C-209, and R15-2C-302 are repealed because the rules are unnecessary. The rules merely repeat the underlying statute or session law.

R15-2C-211 and R15-2C-306 are amended to clarify that taxpayers shall not deduct or include an item more than once in computing Arizona taxable income.

R15-2C-303 is repealed because the provisions of the rule are included in the proposed R15-2C-204.

R15-2C-307 is amended to eliminate the requirement that a blind or partially blind person attach a statement to the person's tax return.

R15-2C-308 and R15-2C-309 are repealed because the rules are obsolete due to statute changes.

7. Reference to any study that the agency relied on in its evaluation of or justification for the final rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:

None.

8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable.

9. The summary of the economic, small business, and consumer impact:

It is expected that the benefits of the rules will be greater than the costs. The amendment of these rules will benefit the public by making the rules conform to current statute and rulemaking guidelines, and removing language and rules that are obsolete or that are repetitive of statute. The Department of Revenue, the Governor's Regulatory Review Council, and the Secretary of State's Office will incur the costs associated with the rulemaking process.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

Minor grammatical and technical changes were made in response to suggestions from Council staff.

11. A summary of the principal comments and the agency response to them:

The Department did not receive any written or verbal comments on the rule action after publication of the Notice of Proposed Rulemaking.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None.

13. Incorporations by reference and their location in the rules:

None.

14. Was the rule previously adopted as an emergency rule?

No.

15. The full text of the rules follows:

TITLE 15. REVENUE

**CHAPTER 2. DEPARTMENT OF REVENUE
INCOME AND WITHHOLDING TAX SECTION**

SUBCHAPTER C. INDIVIDUALS

ARTICLE 2. ADDITIONS TO ARIZONA GROSS INCOME

Section

- R15-2C-201. Additions ~~to~~ and Subtractions ~~to~~ from Arizona Gross Income
- R15-2C-202. Beneficiary's Share of Trust or Estate Income
- R15-2C-204. Annuities Where 1st Payment Was Received Prior to December 31, 1978
- R15-2C-205. Credit for Dependent Care Facilities
- R15-2C-206. Partnership Income or Loss
- R15-2C-207. ~~Income-producing~~ Income-Producing Property—Different Basis
- R15-2C-208. ~~Pollution Control Devices~~
- R15-2C-209. ~~Child Care Facilities~~
- R15-2C-210. Individual Net Operating Losses
- R15-2C-211. Amounts Already Deducted

ARTICLE 3.SUBTRACTIONS FROM ARIZONA GROSS INCOME

Section

- R15-2C-302. ~~IRA or RR-10 Distributions~~ Repealed
- R15-2C-303. ~~Annuities Where 1st Payment Was Received Prior to December 31, 1978~~ Repealed
- R15-2C-304. Lottery Winnings
- R15-2C-305. Social Security and Railroad Retirement Benefits
- R15-2C-306. Income Previously Recognized
- R15-2C-307. Exemptions for Blind Persons
- R15-2C-308. ~~Exemption for Persons over 65 years of Age~~ Repealed
- R15-2C-309. ~~Exemption for Dependents~~ Repealed

ARTICLE 2.ADDITIONS TO ARIZONA GROSS INCOME

R15-2C-201. Additions ~~to~~ and Subtractions ~~to~~ from Arizona Gross Income

~~Federal adjusted gross income, computed according to the Internal Revenue Code, is~~ The the starting point in calculating Arizona adjusted gross income is federal adjusted gross income calculated under the Internal Revenue Code. In order to arrive at Arizona adjusted gross income, The taxpayer shall make additions to or subtractions from shall be made to Arizona gross income pursuant to under A.R.S. §§ 43-1021 and 43-1022 to calculate Arizona adjusted gross income.

R15-2C-202. Beneficiary's Share of Trust or Estate Income

- A.** ~~The beneficiary of an estate or trust shall make the following adjustments to federal adjusted gross income in calculating Arizona adjusted gross income:~~
1. ~~Add~~ Shall add to federal adjusted gross income the beneficiary's share of trust or estate income as calculated under pursuant to Arizona statutory provisions in A.R.S. Title 43, Chapter 13; and
 2. ~~Subtract~~ To prevent a double inclusion of trust or estate income, shall subtract from federal adjusted gross income the beneficiary's share of federal trust or estate income, as calculated under pursuant to the Internal Revenue Code;
- B.** ~~3. Add the~~ The beneficiary's share of deductions allowed under pursuant to the Internal Revenue Code shall be added back to federal adjusted gross income to the extent the beneficiary included the deductions are included in calculating the calculation of Arizona taxable income; and
- C.** ~~4. Excess deductions and loss carryovers, allowed pursuant to the Internal Revenue Code as deductions to the beneficiary on termination of an estate or trust, shall not be allowed for Arizona purposes. The~~ Add the beneficiary's share of excess deductions on termination and loss carryovers as determined under Internal Revenue Code § 642 shall be added back to federal adjusted gross income to the extent the beneficiary included the such deductions are included in calculating the calculation of Arizona taxable income. Excess deductions and loss carryovers, allowed under the Internal Revenue Code as deductions to the beneficiary on termination of an estate or trust, are not allowable deductions for Arizona purposes.

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R15-2C-204. Annuities Where 1st Payment Was Received Prior to December 31, 1978

- A. ~~An addition to federal adjusted gross income shall be made to the extent that the amount of annuity payments received during the taxable year is excluded from federal adjusted gross income if the 1st payment from such an annuity was received prior to December 31, 1978, the taxpayer was an Arizona resident at that time, and the recovered cost of the annuity is more for Arizona purposes than the cost recovered for federal purposes.~~
- ~~1. The amount of the addition shall be calculated by first determining the balance of the original cost of the annuity which is remaining after subtracting the amount of accumulated distributions from the original cost of the annuity.~~
 - ~~2. The balance of the original cost of the annuity is then subtracted from the total amount of distributions received in the current taxable year.~~
 - ~~3. After subtracting the amount of current distributions from the balance of the cost of the original annuity, the amount remaining, which is more than the amount includible in federal adjusted gross income, shall be shown as an addition to Arizona gross income.~~
- A taxpayer shall make an adjustment to Arizona gross income, as computed under subsection (B), for an annuity payment the taxpayer received during the taxable year if all of the following apply:
1. A portion of the annuity payment is excluded from federal taxable income for the taxable year using the exclusion ratio method in Internal Revenue Code § 72;
 2. The taxpayer received the first payment of the annuity before December 31, 1978; and
 3. The taxpayer was a resident of Arizona at the time the taxpayer received the first payment of the annuity.
- B. ~~For purposes of the statutory provision, annuity tables contained in federal treasury regulations are used to compute the amount includible in federal adjusted gross income.~~
- A taxpayer shall determine the adjustment required under this Section by comparing the amount of the annuity payment required by the Internal Revenue Code to be included in federal taxable income to the amount of the annuity payment required to be included in Arizona taxable income, as computed under subsection (C). If the amount of the annuity payment included in federal taxable income is less than the amount required to be included in Arizona taxable income, the taxpayer shall add the difference to Arizona gross income. If the amount of the annuity payment included in federal taxable income is greater than the amount required to be included in Arizona taxable income, the taxpayer shall subtract the difference from Arizona gross income.
- C. A taxpayer shall include in Arizona taxable income an annuity payment received in the taxable year to the extent that the sum of the proceeds the taxpayer received from the annuity in the current and prior taxable years exceeds the taxpayer's cost of the annuity. The "taxpayer's cost of the annuity" means premiums or other amounts paid by the taxpayer for the annuity.

R15-2C-205. Credit for Dependent Care Facilities

~~For tax years beginning on or after January 1, 1991, and ending before January 1, 1995, if the a taxpayer claimed takes the Arizona credit for dependent care facilities for a taxable year beginning on or after January 1, 1991, and ending before January 1, 1995, the taxpayer shall add to Arizona gross income ~~then~~ the amount of any depreciation on the facilities that the taxpayer deducted in calculating ~~included in~~ federal adjusted gross income which has been taken on such property for the current taxable year, shall be added back to federal adjusted gross income.~~

R15-2C-206. Partnership Income or Loss

A partnership shall calculate Arizona partnership income or loss ~~is calculated under pursuant to~~ A.R.S. Title 43, Chapter 14. Where ~~if~~ the amount of Arizona partnership income or loss ~~calculated for Arizona purposes~~ differs from the amount of partnership income or loss calculated ~~under pursuant to~~ Internal Revenue Code § 702(a)(8), ~~the~~ each partner shall adjust Arizona gross income report the partner's share of the difference between the Arizona and federal amounts as follows:

- ~~1. If the amount of the partner's share of partnership income ~~computed according to~~ calculated under Arizona Revised Statutes is greater than the amount calculated ~~according to~~ under the Internal Revenue Code, ~~the partner shall add~~ the difference ~~shall be added to federal adjusted~~ Arizona gross income.~~
- ~~2. If the amount of the partner's share of partnership loss ~~computed according to~~ calculated under the Internal Revenue Code is greater than ~~that the amount computed according to~~ calculated under Arizona Revised Statutes, ~~the partner shall add~~ the difference ~~shall be added to federal adjusted~~ Arizona gross income.~~
- ~~3. If the amount of the partner's share of partnership income ~~computed according to~~ calculated under the Internal Revenue Code is greater than ~~that the amount computed according to~~ calculated under Arizona Revised Statutes, ~~the partner shall subtract~~ the difference ~~shall be subtracted from federal adjusted~~ Arizona gross income.~~
- ~~4. If the amount of the partner's share of partnership losses ~~loss computed according to~~ calculated under Arizona Revised Statutes is greater than ~~that the amount computed according to~~ calculated under the Internal Revenue Code, ~~the partner shall subtract~~ the difference ~~shall be subtracted from federal adjusted~~ Arizona gross income.~~

R15-2C-207. ~~Income-producing~~ Income-Producing Property – Different Basis

- A. ~~The~~ A taxpayer shall make an adjustment to federal adjusted gross income for the taxable year in which ~~the taxpayer sells or otherwise disposes of~~ income-producing assets property having a different basis for Arizona purposes than for federal purposes ~~are sold or otherwise disposed of.~~

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1. There shall be an addition to income if the Arizona basis of such property is smaller than the federal basis.
 2. There shall be a subtraction from income if the Arizona basis of such property is larger than the federal basis.
- B.** ~~The taxpayer shall determine the basis of the property as of Basis determination is calculated pursuant to the effective date of the Arizona Income Tax Act of 1978 January 1, 1979.~~
1. If the Arizona basis for the property is less than the federal basis, the taxpayer shall add the difference to Arizona gross income.
 2. If the Arizona basis of the property is greater than the federal basis, the taxpayer shall subtract the difference from Arizona gross income.
- C.** ~~This provision Section does not apply is not applicable to depreciable property used in a trade or business.~~

R15-2C-208. ~~Pollution Control Devices Repealed~~

- A.** ~~The taxpayer shall continue to amortize the cost of a pollution control device if an election was made pursuant to A.R.S. § 43-1030 for tax years ending on or before December 31, 1989.~~
- B.** ~~Due to differences in federal and Arizona treatment of the amortization of pollution control devices, a taxpayer subject to the provision in subsection (A) shall add back the amortization related to the pollution control device which was deducted in arriving at federal adjusted gross income and shall subtract the amortization allowable for Arizona purposes.~~

R15-2C-209. ~~Child Care Facilities Repealed~~

- A.** ~~If a taxpayer who operates a child care facility for the purposes of making a profit elected to amortize the cost associated with the purchase, construction, renovation or remodeling of a child care facility or equipment pursuant to A.R.S. § 43-1032, for tax years ending on or before December 31, 1989, the taxpayer shall continue to amortize the cost of such a facility or equipment in the same manner.~~
- B.** ~~If such an election was made, the taxpayer shall add back the amortization related to the child care facility or equipment which was deducted in arriving at federal adjusted gross income and shall subtract the amortization allowable for Arizona purposes.~~

R15-2C-210. Individual Net Operating Losses

- A.** ~~For tax years beginning after December 31, 1989 12/31/89, a taxpayer deduction for a net operating loss for Arizona purposes:~~
1. ~~May take a net operating loss deduction for Arizona purposes Is permitted only to the extent that a net operating loss is included in the taxpayer's federal adjusted gross income for the taxable year includes the net operating loss deduction;~~
 2. ~~Shall not be adjust adjusted the net operating loss deduction except as delineated in prescribed by subsection (B);~~ and;
 3. ~~Shall follow federal net operating loss carryback or carryforward carryover treatment except as delineated in prescribed by subsection (C).~~
- B.** ~~A taxpayer shall add to Arizona gross income a net operating loss deduction, which that is included in the taxpayer's current federal adjusted gross income, shall be added back in arriving at Arizona adjusted gross income if the taxpayer took the deduction for Arizona purposes was taken in a prior taxable year for Arizona purposes.~~
- C.** ~~A taxpayer shall not For Arizona purposes, no carryback of a net operating loss deduction shall be allowed to any tax taxable year ending on or before 12/31/89 January 1, 1990.~~

R15-2C-211. Amounts Already Deducted

A taxpayer shall not deduct the same expense twice in computing Arizona taxable income.

1. If a taxpayer includes an expense item in determining the current year's federal adjusted gross income or federal taxable income for the taxable year, the taxpayer shall not include that expense item a second time in determining Arizona taxable income for the same taxable year.
2. If a taxpayer has deducted an expense item on in a previous an Arizona individual income tax return and deducts the expense item is once more being included again in a subsequent return in computing either federal adjusted gross income or Arizona taxable income, the taxpayer shall add back the expense item previously deducted to determine shall now be added back for purposes of determining Arizona adjusted gross income.

ARTICLE 3. SUBTRACTIONS FROM ARIZONA GROSS INCOME

R15-2C-302. ~~IRA or HR-10 Distributions Repealed~~

~~A subtraction is allowed from federal adjusted gross income for the portion of a distribution from a Self-Employed Retirement Plan (HR-10) or an Individual Retirement Account (IRA) which is comprised of contributions to such plans made prior to 12/31/75, and which was previously included in Arizona adjusted gross income.~~

R15-2C-303. ~~Annuities Where 1st Payment Was Received Prior to December 31, 1978 Repealed~~

- A.** ~~A subtraction from federal adjusted gross income shall be made to the extent that the amount of annuity payments received during the taxable year is included in federal adjusted gross income, if the 1st payment from such an annuity was~~

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~~received prior to December 31, 1978, the taxpayer was an Arizona resident at that time, and the recovered cost of the annuity is less for Arizona purposes than the cost recovered for federal purposes.~~

- ~~1. The amount of the subtraction shall be calculated by 1st determining the balance of the original cost of the annuity which is remaining after subtracting the amount of accumulated distributions from the original cost of the annuity.~~
- ~~2. The balance of the original cost of the annuity is then subtracted from the total amount of distributions received in the current taxable year.~~
- ~~3. After subtracting the amount of current distributions from the balance of the cost of the original annuity, the amount remaining, which is less than the amount includible in federal adjusted gross income, shall be shown as a subtraction from Arizona gross income.~~

- ~~**B.** For purposes of the statutory provision, annuity tables contained in federal treasury regulations are used to compute the amount includible in federal adjusted gross income.~~

R15-2C-304. Lottery Winnings

- ~~**A.** A taxpayer who won an a State of Arizona lottery prize before March 22, 1983, which was subject to payment in installments and receives the prize in installment payments may subtract all the amounts amount of the installment payment that is which are included in federal adjusted Arizona gross income for the taxable year.~~

- ~~**B.** A taxpayer may subtract from Arizona gross income an amount not to exceed ~~\$5,000.00~~ \$5,000 per taxable year from aggregate State of Arizona lottery winnings, whether paid in a lump sum or in installments, that were won and collected during taxable periods after March 21, 1983. The combined subtraction from lump sum and installment winnings won and collected after March 21, 1983, shall not exceed \$5,000 for a taxable year.~~

- ~~1. The combined allowable subtraction from lump sum and installment winnings won and collected after March 21, 1983, shall not exceed ~~\$5,000.00~~ \$5,000 for a taxable year.~~

- ~~**C.2-**A taxpayer, who collecting collects both amounts won both before March 22, 1983, and amounts won after March 21, 1983, may is allowed to subtract from Arizona gross income the total winnings collected in the taxable year that the taxpayer which were won before March 22, 1983, plus an amount of winnings not to exceed ~~\$5,000.00~~ \$5,000 won after March 21, 1983, and collected in the taxable year.~~

R15-2C-305. Social Security and Railroad Retirement Benefits

~~Social security and railroad retirement benefits may be subtracted to arrive at Arizona adjusted gross income if such benefits are included in federal adjusted gross income. Pursuant to 45 U.S.C. 231(m), railroad retirement benefits may not be taxed other than under the provisions of the Internal Revenue Code. Therefore, benefits taxable as pension income, Tier II Railroad retirement benefits and benefits taxable pursuant to Internal Revenue Code § 86, Social Security and Tier I Railroad retirement benefits are allowed as a subtraction in arriving at Arizona adjusted gross income if such amounts are included in federal adjusted gross income.~~

- ~~**A.** Under A.R.S. § 43-1022, a taxpayer shall subtract from Arizona gross income the amount of Social Security and Tier I Railroad Retirement benefits taxable under Internal Revenue Code § 86 that is included in federal adjusted gross income.~~

- ~~**B.** In accordance with 45 U.S.C. 231(m), a taxpayer shall subtract from Arizona gross income the amount of benefits provided under the Railroad Retirement Act of 1974 that is included in federal adjusted gross income and not subtracted under subsection (A).~~

R15-2C-306. Income Previously Recognized

~~A taxpayer shall not include the same income item twice in computing Arizona taxable income.~~

- ~~1. If a taxpayer includes an income item in determining federal adjusted gross income or federal taxable income for a taxable year, the taxpayer shall not include that income a second time in determining Arizona taxable income for the same taxable year.~~
- ~~2. If a taxpayer has included an income item on in a previous an Arizona income tax return and includes the same income item again is once more being included in the computation of either federal adjusted gross income or Arizona taxable income in a subsequent return, the taxpayer shall subtract the such income item previously included for the second time in the subsequent return shall be subtracted for purposes of to determining determine Arizona adjusted gross income.~~

R15-2C-307. Exemptions for Blind Persons

- ~~**A.** Exemption for the blind~~

- ~~1. Section 43-1023 provides an additional exemption of \$500 for the taxpayer if he is blind at the close of the taxable year. An additional exemption also is allowed to the taxpayer who files separately for his spouse if the spouse is blind and for the calendar year in which the taxable year of the taxpayer begins does not have any gross income and is not the dependent of another taxpayer. In the event that the husband and the wife are both blind and file a joint return, 2 blind exemptions of \$500 each or a total of \$1,000 are allowed. The determination of whether the spouse is blind shall be made at the close of the taxable year of the taxpayer unless the spouse dies during such taxable year in which case such determination shall be made as of the time of such death.~~

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2. If the individual for whom the exemption is claimed is not totally blind as of the last day of the taxable year of the taxpayer or, in the case of a spouse who dies during such taxable year, as of the time of such death, a taxpayer claiming an exemption allowed by Section 43-1023 for a blind taxpayer or a blind spouse shall attach to his return a certificate from a registered optometrist or a physician skilled in the diseases of the eye stating that as of the applicable status determination date in the opinion of such physician or such optometrist:-
- a. the central visual acuity of the individual for whom the exemption is claimed did not exceed 20/200 in the better eye with correcting lenses, or
 - b. such individual's visual acuity was accomplished by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.
- If such individual is totally blind as of the status determination date, there shall be attached to the return a statement by the person/s making the return setting forth such fact.

If both a husband and wife are blind or partially blind and they elect to file a joint return, they may claim a total of 2 exemptions under A.R.S. § 43-1023(A). For purposes of this Section, "partially blind" means an individual whose vision is no better than 20/200 in the better eye with correcting lenses or who has a field of vision of 20 degrees or less.

- B.** The amounts stated herein are subject to inflation indexing pursuant to Sections 43-251 and 43-252. If a taxpayer or the taxpayer's spouse dies during the taxable year and the decedent was blind or partially blind on the date of death, the decedent is eligible for the exemption under A.R.S. § 43-1023(A).
- C.** If a taxpayer or the taxpayer's spouse for whom the taxpayer is claiming an exemption under A.R.S. § 43-1023(A)(2) is partially blind on the last day of the taxable year, the taxpayer shall obtain a statement from a licensed optometrist or a physician skilled in diseases of the eye. The taxpayer shall keep the statement for the taxpayer's records. The statement shall certify that the person claiming the exemption or on whose behalf the exemption is claimed:
- 1. Has vision no better than 20/200 in the better eye with correcting lenses, or
 - 2. Has a field of vision of 20 degrees or less.
- D.** If the taxpayer's vision is not likely to improve beyond the condition listed in subsection (C), the taxpayer may obtain a statement certified by a licensed optometrist or a physician skilled in diseases of the eye to this effect instead of the annual statement required under subsection (C). The taxpayer shall keep the statement for the taxpayer's records.

R15-2C-308. Exemption for Persons over 65 years of Age Repealed

Exemption for persons over 65 years of age

- 1. There shall be allowed an exemption of \$1000 for a taxpayer who has attained the age of 65 years before the close of his taxable year.
- 2. There shall be allowed an exemption of \$1000 for the spouse of a taxpayer if the spouse has attained the age of 65 years before the close of the taxable year and is not the dependent of another taxpayer.

R15-2C-309. Exemption for Dependents Repealed

Exemption for dependents

- 1. Section 43-1023 allows to a taxpayer an exemption of \$600 for each dependent (Sections 43-1001 and 43-1002) who receives more than 1/2 of his support from the taxpayer for such calendar year. A dependent for the purposes of this credit is a person who is related to the taxpayer within 1 of the following relationships: child, the descendants of each child, stepchild, brother, sister, brother or sister by the half blood, stepbrother or stepsister, parent, the ancestors of such parent, stepfather or stepmother, son or daughter of the taxpayer's brother or sister, brother or sister of the taxpayer's father or mother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law.
- 2. In the case of a joint return, it is not necessary that the prescribed relationship exist between the person claimed as a dependent and the spouse who furnished the support. It is sufficient if the prescribed relationship exists with respect to either spouse. Thus, a husband and wife making a joint return may claim as a dependent, a daughter of the wife's brother (wife's niece) even though the husband is the one who furnished the chief support. The relationship of affinity once existing will not terminate by divorce or the death of a spouse. A legally adopted child of a person shall be considered a child of such person by blood. A child shall be deemed legally adopted when placed in the custody of a taxpayer for adoption by the latter or his spouse. A citizen or subject of a foreign country may not be claimed as a dependent unless he is a resident of the United States, Canada, or Mexico at some time during the calendar year in which the taxable year of the taxpayer begins. Whether or not over 1/2 of a person's support for the calendar year in which the taxable year of the taxpayer begins was received from the taxpayer shall be determined by reference to the amount of expense incurred by the taxpayer for such support including the value of housing supplied by the taxpayer for such dependent. A payment to a wife that is includible in the gross income of such wife shall not be considered a payment by her husband for the support of any dependent. It is not necessary that the dependent be living on any particular day during the taxable year so long as the taxpayer provides more than 50% of his support and the relationship requirements provided for above are met.
- 3. The only exemption allowed for a dependent of a taxpayer is that provided by Section 43-1023. The blind and over 65 exemptions are allowed only for the taxpayer or the spouse of the taxpayer. Thus, if a taxpayer provides the entire

~~support of his father who is blind, the taxpayer is entitled to only 1 exemption under Section 43-1023 of \$600 for his father as a dependent and is not entitled to any additional exemption because of his father's blindness.~~

NOTICE OF FINAL RULEMAKING

TITLE 15. REVENUE

**CHAPTER 2. DEPARTMENT OF REVENUE
INCOME AND WITHHOLDING TAX SECTION**

SUBCHAPTER D. CORPORATIONS

PREAMBLE

- 1. Sections Affected** **Rulemaking Action**
R15-2D-303 Amend
- 2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**
Authorizing statute: A.R.S. § 42-1005
Implementing statutes: A.R.S. §§ 43-1121(5), 43-1122(15), 43-1125
- 3. The effective date of the rules:**
June 13, 2001
- 4. A list of all previous notices appearing in the Register addressing the final rule:**
Notice of Rulemaking Docket Opening: 6 A.A.R. 1807, May 19, 2000
Notice of Recodification: 6 A.A.R. 2308, June 23, 2000
Notice of Proposed Rulemaking: 7 A.A.R. 1066, March 9, 2001
- 5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**
Name: Jim Bilski, Tax Analyst
Address: Tax Research & Analysis Section
Arizona Department of Revenue
1600 W. Monroe
Phoenix, AZ 85007
Telephone Number: (602) 542-4672
Fax Number: (602) 542-4680
E-mail: BilskiJ@revenue.state.az.us
- 6. An explanation of the rule, including the agency's reasons for initiating the rule:**
The rule relates to Domestic International Sales Corporations (DISCs) and DISC shareholders. The rule addresses computation of a DISC's income, combined filing requirements for DISCs, computation of the addition to income for DISC commissions, deductibility of the interest charge paid by DISC shareholders, and adjusting DISC transactions that comply with the Internal Revenue Code (IRC). The Department is amending the rule to conform to current statute, remove language that is obsolete or repetitive of statute, address issues that are not covered in the current rule, and prohibit the Department from making adjustments to DISC transactions that comply with the pricing provisions of IRC § 994.
- 7. Reference to any study that the agency relied on in its evaluation of or justification for the rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:**
None.
- 8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**
Not applicable.

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9. The summary of the economic, small business, and consumer impact:

It is expected that the benefits of the rule will be greater than the costs. The amendment of this rule will benefit the public by making the rule conform to current statute, removing language that is obsolete or repetitive of statute, and addressing issues that are not covered in the current rule.

The Department, the Governor's Regulatory Review Council, and the Secretary of State's Office will incur the costs associated with the rulemaking process. Taxpayers are not expected to incur any expense in connection with amending this rule.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

Minor technical and grammatical changes were made in response to suggestions from Council staff.

11. A summary of the principal comments and the agency response to them:

The Department did not receive any written or verbal comments on the rule action after publication of the Notice of Proposed Rulemaking.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None.

13. Incorporations by reference and their location in the rules:

None.

14. Was the rule previously adopted as an emergency rule?

No.

15. The full text of the rules follows:

TITLE 15. REVENUE

**CHAPTER 2. DEPARTMENT OF REVENUE
INCOME AND WITHHOLDING TAX SECTION**

SUBCHAPTER D. CORPORATIONS

ARTICLE 3. SUBTRACTIONS FROM ARIZONA GROSS INCOME

Section

R15-2D-303. Domestic International Sales Corporation (DISC)

ARTICLE 3. SUBTRACTIONS FROM ARIZONA GROSS INCOME

R15-2D-303. Domestic International Sales Corporation (DISC)

A. For purposes of this Section, "DISC" means a corporation that elects to be treated as a DISC under Internal Revenue Code § 992. For Arizona state income tax purposes, a DISC will be treated as an ordinary corporation and will be required to file an Arizona Corporation Income Tax Return. A corporation which reports as a DISC for federal income tax purposes is taxable on its net income as a separate entity without reference to its distributions to stockholders. Reference Sections 43-1121(5) and 43-1022(27). The Arizona gross income of a DISC is the DISC's federal taxable income computed as if the DISC were a corporation that had not elected to be treated as a DISC. A DISC that meets the combined return filing requirements of R15-2D-401 shall file as part of a combined return unless:

1. The DISC is a foreign corporation that is not subject to Arizona income tax, or
2. The corporation with which the DISC would otherwise be required to file a combined return is a member of an Arizona affiliated group as defined in A.R.S. § 43-947.

B. Shareholders are taxable on the distributed portion of the income earned by the DISC. These distributions are considered dividends to the shareholders. The undistributed portion of the DISC income will be taxable to its shareholders upon distribution in cash or property.

For purposes of subsections (B) and (C), "deducted amount" means the amount of commissions, rentals, and other amounts paid or accrued to a DISC that is deducted in computing federal taxable income. A corporation that directly or indirectly owns or controls 50% or more of the voting stock of a DISC shall add to Arizona gross income the entire deducted amount, unless either subsection (B)(1) or (B)(2) applies.

1. If the corporation and the DISC file as part of the same Arizona combined return, no addition to Arizona gross income is required.
2. If the DISC is taxable in Arizona and subsection (B)(1) does not apply, the addition to Arizona gross income is the deducted amount minus the quotient of the DISC's Arizona taxable income attributable to the deducted amount

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divided by the corporation's apportionment ratio computed under A.R.S. § 43-1139. In no case shall the addition to Arizona gross income be less than zero.

Example: Corporation A owns 60% of the voting stock of a DISC. Corporation A has a 50% Arizona apportionment ratio and the DISC has a 10% Arizona apportionment ratio for the taxable year. Corporation A and the DISC are not required to file a combined return. Corporation A pays the DISC commissions of \$100,000 and deducts this amount on its federal income tax return. The DISC's Arizona taxable income attributable to the commission is \$10,000 (\$100,000 x 10%). Therefore, Corporation A's addition to Arizona gross income for the DISC commissions is \$80,000 (\$100,000 - (\$10,000 x .50)).

- C. Dividends received by any shareholder from a corporation which does 50% or more of its business in this state, although considered taxable and reportable on the shareholder's tax return, are deductible in full on the shareholder's return. A corporation that deducts the interest charge required under Internal Revenue Code § 995(f) in determining federal taxable income for the taxable year shall add to Arizona gross income the amount of the interest charge deducted, unless subsection (C)(1), (C)(2), or (C)(3) applies.
1. If the corporation and a DISC file as part of the same Arizona combined return for the taxable year in which the corporation reports DISC income related to the interest charge, the corporation shall not add the interest charge to Arizona gross income.
 2. If the interest charge is attributable to the deducted amount that the corporation is required to add to Arizona gross income under subsection (B), the corporation shall not add the interest charge to Arizona gross income.
 3. If the interest charge is attributable to income of a DISC, the dividends of which are includible in the corporation's Arizona taxable income, the corporation shall not add the interest charge to Arizona gross income.
- Example: Corporation B owns 30% of a DISC that is not a foreign corporation. If the DISC dividends are includible in the Arizona taxable income of Corporation B, the interest charge is not added to Corporation B's Arizona gross income.
- D. No federal income tax deduction will be allowed to a DISC, since the DISC is not the taxpaying entity under federal law, and therefore does not pay or accrue any federal income taxes. The Department shall not adjust DISC transactions that comply with the inter-company pricing provisions of Internal Revenue Code § 994.
- E. For those DISC not dealing at arm's length, the Department may review the transactions between the DISC and its shareholders and make such adjustments under Sections 43-941 and 43-942 as it deems necessary to properly reflect Arizona income.

NOTICE OF FINAL RULEMAKING

TITLE 15. REVENUE

**CHAPTER 2. DEPARTMENT OF REVENUE
INCOME AND WITHHOLDING TAX SECTION**

SUBCHAPTER G. PARTNERSHIPS

PREAMBLE

- | | |
|------------------------------------|---------------------------------|
| <u>1. Sections Affected</u> | <u>Rulemaking Action</u> |
| R15-2G-101 | Amend |
| R15-2G-102 | Repeal |
- 2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**
Authorizing statute: A.R.S. § 42-1005
Implementing statutes: A.R.S. §§ 43-306, 43-1401, 43-1411, 43-1412
- 3. The effective date of the rules:**
June 13, 2001
- 4. A list of all previous notices appearing in the Register addressing the final rules:**
Notice of Rulemaking Docket Opening: 6 A.A.R. 4048, October 20, 2000
Notice of Proposed Rulemaking: 7 A.A.R. 1240, March 16, 2001
- 5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**
Name: Jim Bilski
Address: Tax Research & Analysis Section

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Arizona Department of Revenue

1600 W. Monroe

Phoenix, AZ 85007

Telephone Number: (602) 542-4672

Fax Number: (602) 542-4680

E-mail: BilskiJ@revenue.state.az.us

6. An explanation of the rule, including the agency's reasons for initiating the rule:

R15-2G-101 is amended to clarify the tax treatment of resident and nonresident partners of a partnership.

R15-2G-102 is repealed because subsection (A) of the rule is repetitive of statute and subsection (B) merely reiterates community property law.

7. Reference to any study that the agency relied on in its evaluation of or justification for the rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:

None.

8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable.

9. The summary of the economic, small business, and consumer impact:

It is expected that the benefits of the rules will be greater than the costs. The amendment of these rules will benefit the public by clarifying the tax treatment for resident and nonresident partners of a partnership and removing language that is obsolete or that is repetitive of statute. The Department of Revenue, the Governor's Regulatory Review Council, and the Secretary of State's Office will incur the costs associated with the rulemaking process. Taxpayers are not expected to incur any expense as a result of amending these rules.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

Minor grammatical and technical changes were made in response to suggestions from Council staff.

11. A summary of the principal comments and the agency response to them:

The Department did not receive any written or verbal comments on the rule action after the publication of the Notice of Proposed Rulemaking.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None.

13. Incorporations by reference and their location in the rules:

None.

14. Was the rule previously adopted as an emergency rule?

No.

15. The full text of the rules follows:

TITLE 15. REVENUE

**CHAPTER 2. DEPARTMENT OF REVENUE
INCOME AND WITHHOLDING TAX SECTION**

SUBCHAPTER G. PARTNERSHIPS

ARTICLE 1. TAXATION OF PARTNERSHIPS

Section

R15-2G-101. Partnerships

R15-2G-102. ~~Distributive Shares of Partners~~ Repealed

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ARTICLE 1. TAXATION OF PARTNERSHIPS

R15-2G-101. Partnerships

Partnerships as such are not subject to the income tax imposed by the Act but are required to make returns of income for information purposes:

A. For purposes of this Section:

1. “Distributive share of the partnership” means a partner’s share, as determined under the partnership agreement, of the items enumerated in A.R.S. § 43-1412.
2. “Arizona distributive share of the partnership” means the amount computed in subsection (A)(1), subject to the allocation and apportionment provisions of A.R.S. §§ 43-1131 through 43-1148.

B. A partnership is not subject to income tax but shall file a return of income for information purposes.

C. In computing taxable income:

1. A resident partner shall include the resident partner's distributive share of the partnership.
2. A nonresident partner shall include the nonresident partner's Arizona distributive share of the partnership.

R15-2G-102. ~~Distributive Shares of Partners~~ Repealed

~~**A.** Each partner is required to include in his return for his taxable year within which or with which the taxable year of the partnership ends, whether or not distributed, the items specifically set forth in Section 43-1412.~~

~~**B.** If separate returns are made by a husband and wife, and only 1 spouse is a member of a partnership, the part of the distributive share of the gains and losses of the partnership from sales or exchanges of capital assets or the part of their distributive share of ordinary net income or ordinary net loss derived from community property should be reported by the husband and by the wife in equal proportions.~~

NOTICE OF FINAL RULEMAKING

TITLE 15. REVENUE

**CHAPTER 10. DEPARTMENT OF REVENUE
GENERAL ADMINISTRATION**

PREAMBLE

1. Sections Affected

	<u>Rulemaking Action</u>
R15-10-102	Amend
R15-10-105	Amend
R15-10-106	Amend
R15-10-110	Amend
R15-10-115	Amend
R15-10-116	Amend
R15-10-119	Amend
R15-10-120	Amend
R15-10-122	Amend
R15-10-201	Amend
R15-10-307	Amend
R15-10-401	Amend

2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statute: A.R.S. § 42-1005

Implementing statutes: A.R.S. §§ 42-1113, 42-1118, 42-1125, 42-1129, 42-1251, 42-2056, 42-2064.

3. The effective date of the rules:

June 13, 2001

4. A list of all previous notices appearing in the Register addressing the final rules:

Notice of Rulemaking Docket Opening: 6 A.A.R. 1808, May 19, 2000

Notice of Proposed Rulemaking: 7 A.A.R. 1242, March 16, 2001

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5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Jim Bilski
Address: Tax Research & Analysis Section
Arizona Department of Revenue
1600 W. Monroe
Phoenix, AZ 85007
Telephone Number: (602) 542-4672
Fax Number: (602) 542-4680
E-mail: BilskiJ@revenue.state.az.us

6. An explanation of the rule, including the agency's reasons for initiating the rule:

The rules relate to the Department of Revenue's administrative hearing procedures, reimbursement of costs related to administrative proceedings, closing agreements, and electronic funds transfer payments.

R15-10-102, R15-10-307, and R15-10-401 are amended to correct statute references.

R15-10-105 is amended to rearrange the subsections, delete the requirement that a petitioner submit a copy of the petition, and delete the requirement that the petition specify whether an oral hearing is requested.

R15-10-106 is amended to delete the 30-day limitation for additional time to complete a timely filed petition.

R15-10-110 is amended to clarify the withdrawal of a petition.

R15-10-115 is amended to put the rule in the active voice, allow the Hearing Officer the option of scheduling a hearing if neither party requests one, and delete the reference to a default order.

R15-10-116 is amended to clarify the types of hearings allowed and the manner in which hearings are conducted.

R15-10-119 is amended to put the items required for a stipulation of facts in list format.

R15-10-120 is amended to make minor grammatical changes.

R15-10-122 is amended to put the rule in the active voice and require that the party citing a transcript submit a copy of the transcript to the Department of Revenue's Hearing Officer.

R15-10-201 is amended to correct a statute reference and to make a minor grammatical change.

7. Reference to any study that the agency relied on in its evaluation of or justification for the rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:

None.

8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable.

9. The summary of the economic, small business, and consumer impact:

It is expected that the benefits of the rules will be greater than the costs. Amending the rules will benefit the public by correcting statute references, making clarifying changes, and conforming the rules to current rulemaking guidelines. The Department of Revenue, the Governor's Regulatory Review Council, and the Secretary of State's Office will incur the costs associated with the rulemaking process.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

Because the Department is considering additional changes to R15-2-108, this rule has been eliminated from this rule-making package. Also, minor grammatical and technical changes were made in response to suggestions from Council staff.

11. A summary of the principal comments and the agency response to them:

The Department did not receive any written or verbal comments on the rule action after the publication of the rule-making in the Notice of Proposed Rulemaking.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None.

13. Incorporations by reference and their location in the rules:

None.

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14. Was the rule previously adopted as an emergency rule?

No.

15. The full text of the rules follows:

TITLE 15. REVENUE

**CHAPTER 10. DEPARTMENT OF REVENUE
GENERAL ADMINISTRATION**

ARTICLE 1. HEARING PROCEDURES

Section

- R15-10-102. Scope of Article 1
- R15-10-105. Petition
- R15-10-106. Incomplete Petition
- R15-10-110. Withdrawal of Petition
- R15-10-115. Request for Hearings; Waiver
- R15-10-116. Hearing Procedure
- R15-10-119. Stipulation of Facts
- R15-10-120. Official Notice
- R15-10-122. Transcripts and Records

ARTICLE 2. ADMINISTRATION

Section

- R15-10-201. Closing Agreements Relating to Tax Liability

ARTICLE 3. AUTHORIZED TRANSMISSION OF FUNDS

Section

- R15-10-307. Timely Payment

**ARTICLE 4. REIMBURSEMENT OF FEES AND OTHER COSTS RELATED TO AN ADMINISTRATIVE
PROCEEDING**

Section

- R15-10-401. Application for Reimbursement of Fees and Other Costs Related to an Administrative Proceeding

ARTICLE 1. HEARING PROCEDURES

R15-10-102. Scope of Article 1

- A.** Department hearing officer shall conduct all hearings regarding the taxes administered by the Department under A.R.S. § ~~42-111~~ 42-1101, unless A.R.S. § 41-1092.02 requires that an ALJ hear the matter.

R15-10-105. Petition

- ~~**A.** The petitioner shall mail the petition to the applicable section at the Department of Revenue headquarters in Phoenix, Arizona or hand-deliver the petition to the License and Registration Section in any Department of Revenue office. A petitioner that hand-delivers a petition shall clearly mark the envelope to indicate that it is a petition. The License and Registration Section shall provide a receipt to a petitioner that hand-delivers a petition. The Department shall not charge a fee for filing a petition or any supporting documents.~~

- 1. ~~The petitioner shall sign the petition.~~
- 2. ~~The petitioner shall file the original and 1 copy of the petition.~~

- ~~**B.**~~ **A.** A petition regarding a tax assessment or a refund denial shall include the following: A taxpayer may protest a tax assessment or a refund denial by filing a petition that includes the following:

- 1. The taxpayer's name, address, federal identification number, and all applicable state identification numbers;
- 2. ~~If there is a~~ An explanation of the difference between the taxpayer's name in the notice and the taxpayer's name in the petition, ~~if applicable;~~ the petition shall contain an explanation of the difference.
- 3. ~~A petition that concerns a married-filing-joint return shall include the~~ The last known name and address of both individuals if the petition concerns a married-filing-joint return;
- ~~2-4.~~ A copy of the notice or a statement that references the:
 - a. ~~tax~~ Tax type, and
 - b. ~~tax~~ Tax period involved, and ~~contains~~
 - c. ~~the~~ The amount of the tax assessment or refund claimed including tax, penalties, interest, and refundable credits;
- ~~3-5.~~ A statement of the amount of the tax assessment or refund denial that is being protested;

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- ~~4-6.~~ A statement of any alleged errors ~~error alleged to have been~~ committed by the Department in the ~~determination of~~ determining the tax assessment or refund denial that is being protested;
 - ~~5-7.~~ A statement of facts and legal arguments upon which the taxpayer relies to support the statement of errors petition;
 - ~~6-8.~~ The relief sought;
 - ~~7.~~ Whether an oral hearing is requested; and
 - ~~8-9.~~ The payment for all unprotested amounts of tax, interest, and penalties; and
 - ~~10.~~ The petitioner's signature.
- ~~C.B.~~ A petition regarding matters other than a tax assessment or a refund denial shall include the following A taxpayer may protest a matter other than a tax assessment or refund denial by filing a petition that includes the following:
- ~~1.~~ The taxpayer's name, address, federal identification number, and all applicable state identification numbers;
 - ~~2.~~ If there is a An explanation of the difference between the taxpayer's name in the notice and the taxpayer's name in the petition, if applicable the petition shall contain an explanation of the difference;
 - ~~2-3.~~ A copy of the notice or a statement describing the Department's action, proposed action, or determination for which a hearing is sought;
 - ~~3-4.~~ A statement of any alleged error ~~errors alleged to have been~~ committed by the Department in its action;
 - ~~4-5.~~ A statement of facts and legal arguments upon which the taxpayer relies to support the statement of errors petition;
 - ~~5-6.~~ The relief sought; and
 - ~~6-7.~~ Whether an oral hearing is requested. The petitioner's signature.
- C.** The petitioner shall file the petition by:
1. Mailing the petition to the applicable section at the Department of Revenue headquarters in Phoenix, Arizona; or
 2. Hand-delivering the petition to the License and Registration Section in any Department of Revenue office. A petitioner who hand-delivers a petition shall clearly mark the envelope to indicate that it is a petition. The License and Registration Section shall provide a receipt to a petitioner who hand-delivers a petition.
- D.** The Department shall not charge a fee for filing a petition or any supporting documents.

R15-10-106. Incomplete Petition

- A.** The ~~Hearing Officer~~ Department hearing officer may dismiss a petition for a ~~formal~~ hearing which that does not contain all of the ~~required~~ information required by R15-10-105, unless the ~~petition is made complete~~ petitioner completes the petition within the time allowed to file ~~a~~ the petition under R15-10-107, including any extension.
- B.** The Department hearing officer may, on a showing of good cause by the petitioner, grant An extension of additional time to complete a timely-filed the petition, ~~not to exceed 30 days from the date notification is made,~~ may be granted at the discretion of the Hearing Officer or on stipulation of the parties.

R15-10-110. Withdrawal of Petition

- A.** The petitioner may submit a written request to withdraw a ~~A~~ petition may be withdrawn, at the written request of the taxpayer, at any time prior to before the issuance of a decision by the Department ~~Hearing Officer~~ hearing officer issues a written decision.
- B.** If the Department and the petitioner resolve the matters protested prior to a before the hearing, the parties shall submit a written agreement or stipulation shall be submitted to the Hearing Officer ~~hearing officer~~ and the hearing officer shall deem the protest petition shall be deemed withdrawn.
- C.** The ~~Hearing Officer~~ hearing officer shall issue an order that the petition is withdrawn and that the matter is closed at the hearing office. ~~determination of the Department is final.~~

R15-10-115. Request for Hearings; Waiver

- A.** The hearing officer shall schedule an ~~An~~ oral hearing shall be set if requested by upon request of the petitioner or the Department. If neither the petitioner nor the Department requests an oral hearing, no request is submitted, the petition shall be considered submitted to the Hearing Officer ~~hearing officer~~ shall:
 1. Consider the petition submitted for decision based on the petition and any memoranda filed, or
 2. Schedule an oral hearing.
- B.** The ~~Hearing Officer~~ hearing officer may, for good cause shown by any party to the hearing, postpone, recess, or continue a an oral hearing to a specified date, time, and place. The ~~Hearing Officer~~ hearing officer shall notify all the parties regarding a rescheduled hearing.
- C.** If no postponement has been obtained and any party to the hearing fails to appear at the oral hearing without good cause, the ~~Hearing Officer~~ hearing officer may:
 1. Proceed with the hearing,
 2. Reschedule the hearing, or
 3. Issue a decision based on the petition and memoranda provided, ~~or~~
 4. Issue a default order.

R15-10-116. Hearing Procedure

- A.** The hearing officer may hold hearings: ~~Hearings may be held~~

- ~~1. In person,~~
- ~~2. via By telephone, or~~
- ~~3. by By the submission of memoranda, or~~
- ~~4. By a combination of these methods. Hearings by memoranda shall be conducted by the submission of memoranda according to a schedule prescribed by the Hearing Officer.~~

~~B. For hearings by memoranda, the hearing officer shall prescribe a schedule for the submission of the memoranda.~~

~~B.C. The Hearing Officer hearing officer may:~~

- ~~1. conduct Conduct the hearing in an informal manner;~~
- ~~1-2. The Hearing Officer may Accept a stipulation of facts state any facts stipulated,~~
- ~~2-3. An opening statement may be made by any Allow any party in the hearing to make an opening statement,~~
- ~~3-4. The position of each party shall be stated and evidence shall be presented; Allow each party to state its position and present evidence.~~
- ~~4-5. Allow Each each party may to reply to any statements or arguments, and~~
- ~~5-6. Closing statements or arguments may be made by any party. Allow any party to make closing statements or arguments.~~

~~C.D. The Hearing Officer hearing officer may remand any matter to the applicable section of the Department of Revenue at the request of either party or at the Hearing Officer's hearing officer's own discretion.~~

R15-10-119. Stipulation of Facts

The petitioner and the Department may file a stipulation of facts stating: ~~the facts upon which they agree, the facts which are in dispute, and the reasons for the dispute.~~

1. The facts upon which they agree.
2. The facts that are in dispute, and
3. The reasons for the dispute.

R15-10-120. Official Notice

The ~~Hearing Officer Department hearing officer~~ may take official notice of the following ~~as an admission of facts:~~

1. The records maintained by that the Department of Revenue, maintains.
2. Tax returns filed with the Department of Revenue for or on behalf of the taxpayer or any affiliated person together with related records on file with the Department, or
3. A fact which that is generally known in this state or which that is capable of accurate and ready determination by reference to a sources source whose accuracy cannot reasonably be questioned.

R15-10-122. Transcripts and Records

~~A. All oral proceedings shall be tape recorded by the Hearing Office. The hearing officer shall tape record all oral hearings. Upon request of any party to the hearing, the hearing office shall provide a A copy of the tape recording of the hearing, without charge, shall be furnished to a the requesting party, requesting it.~~

~~B. A party to the proceedings an oral hearing may:~~

1. arrange at the party's own expense to have Transcribe the hearing at the party's own expense; and manually transcribed. A full copy of any transcript cited in any proceeding shall be furnished to the opposing party.
2. Cite a transcript in any proceeding, if the party provides a full copy of the transcript to the opposing party and the hearing officer.

~~C. The petitioner shall not remove the records and files of the Department shall not be removed from the Department by the petitioner for use as evidence or other purposes. The Department shall, as permitted by law, furnish provide a certified copies copy of Department records and files as requested by the petitioner for use in the proceedings. The Department shall provide the Such copies copy shall be provided at a reasonable charge not to exceed the commercial rate for such the service.~~

ARTICLE 2. ADMINISTRATION

R15-10-201. Closing Agreements Relating to Tax Liability

~~A. A closing agreement provided for in under A.R.S. § 42-123 42-1113 or A.R.S. § 42-139.06 42-2056 may relate to any taxable period.~~

- ~~1. A closing agreement entered into for taxable periods ending prior to the date of the agreement may relate to the total liability of the taxpayer or to 1 or more separate items affecting the liability of the taxpayer.~~
- ~~2. A closing agreement entered into for taxable periods ending subsequent to the date of the agreement shall only relate to 1 or more separate items affecting the liability of the taxpayer.~~
- ~~3. The Department and the taxpayer may enter into a closing agreement even though under the agreement the taxpayer is not liable for any tax for the period to which the agreement relates.~~

~~1. The Department and a taxpayer may enter into a closing agreement for:~~

- ~~a. A taxable period that ends before the date of the agreement that:~~
 - ~~i. Relates to 1 or more separate items affecting the liability of the taxpayer, or~~

NOTICE OF FINAL RULEMAKING

TITLE 17. TRANSPORTATION

**CHAPTER 9. DEPARTMENT OF ADMINISTRATION
SCHOOL BUSES**

PREAMBLE

- | <u>1. Sections Affected</u> | <u>Rulemaking Action</u> |
|------------------------------------|---------------------------------|
| R17-9-101 | Amend |
| R17-9-102 | Amend |
| R17-9-103 | Amend |
| R17-9-104 | Amend |
| R17-9-105 | Amend |
| R17-9-106 | Amend |
| R17-9-107 | Amend |
| R17-9-108 | Amend |
| R17-9-110 | New Section |
| R17-9-111 | New Section |
| Exhibit A | Repeal |
| Exhibit A | Renumber |
| Exhibit B | Renumber |
| Exhibit B | Amend |
- 2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**
Authorizing statute: A.R.S. §§ 28-3228(C), 28-900
Implementing statutes: A.R.S. §§ 15-513, 28-3228(C), 28-3103(4), 28-853, 28-857, 28-900, 28-901, 28-930, 28-984.
- 3. The effective date of the rules:** June 13, 2001
- 4. List of all previous notices appearing in the Register addressing the final rules:**
Notice of Docket Opening, 6 A.A.R. 2189 (June 16, 2000)
Notice of Proposed Rulemaking, 6 A.A.R. 3516 (September 15, 2000)
- 5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**
Name: Jeanne Hann
Address: 1400 West Washington, Suite 270, Phoenix, AZ 85007
Telephone Number: (602) 542-2006
Fax Number: (602) 542-1486
E-mail: jhann@ad.state.az.us
- 6. An explanation of the rule, including the agency's reasons for initiating the rule:**
The rules, which were originally made in 1996, are being amended as a result of a five-year-review report approved by the Governor's Regulatory Review Council in April 2000 to address issues raised since 1996, update materials incorporated by reference, and conform to current rulewriting standards. The more important changes are as follows:
R17-9-101, Definitions: Definitions of "ASE" and "owner" are added and the definition of "on-duty" is clarified.
R17-6-102, Certification of School Bus Drivers: To comply with A.R.S. §§ 25-320(K) and 25-502(E), an applicant is required to provide the applicant's social security number; an applicant is also required to provide any alias ever used, and to verify under penalty of perjury the truthfulness of the information provided in the application; the requirement for use of separate urine samples for different drug tests is clarified; flexibility is provided regarding the time when behind-the-wheel training must be done and the hours of instruction in cardiopulmonary resuscitation and first aid; employers are required to provide a certification examination in the language with which the applicant is most familiar; instruction in cardiopulmonary resuscitation is required to address the needs of children and infants; the Depart-

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ment is authorized to suspend a school bus driver's certification rather than cancel it; misdemeanors reasonably related to the occupation of a school bus driver are clarified; and employers are required to notify the Department when a school bus driver ceases to be employed or transfers to another employer.

R17-9-103, Certification of Classroom and Behind-the-wheel Instructors: To comply with A.R.S. §§ 25-320(K) and 25-502(E), an applicant is required to provide the applicant's social security number; employers are required to provide a certification examination in the language with which the applicant is most familiar; misdemeanors reasonably related to the occupation of a school bus driver are clarified; the hours of teaching required to maintain certification as a behind-the-wheel instructor are reduced; record keeping is reduced for behind-the-wheel instructors; the Department is authorized to suspend a classroom or behind-the-wheel instructor's certification rather than cancel it; and employers are required to notify the Department when a classroom or behind-the-wheel instructor ceases to be employed or transfers to another employer.

R17-9-104, Minimum Standards for School Bus Operation: The distance that an alternately flashing lamp system may be used is reduced to be consistent with statute; school bus drivers are required to wear shoes that will not interfere with the safe operation of a school bus; on an interstate highway, a school bus driver is required not to exceed the speed limit or 65 m.p.h., whichever is less; a school bus driver is not to eat or drink on a school bus unless the school bus is completely stopped; a school bus driver is not to assume responsibility for medication that belongs to a passenger; a passenger is not to carry on or transport in a school bus an object that can be used intentionally or inadvertently to cause physical injury to others or affect the safe operation of the school bus; a school bus driver is responsible to ensure that all objects inside the school bus are under a passenger's control or secured; the requirements for conducting an evacuation drill are clarified; school bus drivers and passengers are responsible to report to the employer a violation of rule or statute; and an employer is responsible to report to the Department a violation of rule or statute.

R17-9-107, Minimum Standards for School Bus Body: Flexibility is provided regarding the kind of material that may be used on a school bus floor; the kinds of signs allowed on the interior or exterior of a school bus are changed to be consistent with statute; and flexibility to identify a school bus by an emblem is added.

R17-9-108, Inspection, Maintenance, and Alterations: Minor changes are made in the items inspected and the standards for a major or minor defect; the school bus owner is required to ensure that the individual performing repair and maintenance of a school bus is qualified and to maintain records of the individual's qualifications; and the time that operations check records must be maintained is reduced.

R17-9-110, First-aid Equipment: A new Section is added that requires all school buses in Arizona to be equipped with a first-aid kit and a body fluid cleanup kit. This equipment was previously required only on school buses introduced into Arizona after February 16, 1996.

R17-9-111, Rehearing or Review of Decision: A new Section is added that establishes the procedure for requesting that the decision of an Administrative Law Judge be reheard or reviewed by the Department.

7. Reference to any study that the agency relied on in its evaluation of or justification for the rules and where the public may obtain or review the study, all data underlying each study, any analysis of the study, and other supporting material.

None.

8. A showing of good cause why the rules are necessary to promote a statewide interest if the rules will diminish a previous grant of authority of a political subdivision of this state:

Not applicable.

9. The summary of the economic, small business, and consumer impact:

A. Objective of the rulemaking

The rules are being amended as a result of a five-year-review report approved by the Governor's Regulatory Review Council in April 2000 to address issues raised since 1996, update materials incorporated by reference, and conform to current rulewriting standards.

B. Summary of economic, small business, and consumer impact information

The primary economic impact of the rule changes results from the requirement that all school buses be equipped with a first-aid kit and a body-fluid cleanup kit. Currently, this requirement applies only to buses put in service in Arizona in 1996 or later. The rule change will cause the owner of a school bus placed in service in Arizona before 1996 to purchase a first-aid kit and a body-fluid cleanup kit for each bus not already equipped with the kits. The Department is also instituting a requirement that employers report to the Department changes in the employment status of school bus drivers to enable the Department to track drivers throughout the state. Other minor changes in the rules are designed to require school bus drivers to operate their vehicles in a safe manner including a limit on the speed of school buses on interstate highways (65 m.p.h. or less); requiring that school buses stop at all railroad grade crossings unless directed otherwise by a police officer; and restrictions on a driver's activities while the school bus is in motion.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules:

Numerous grammatical, word choice, and formatting changes were made to make the rules more clear, concise, and understandable. Additionally, the Department made changes in response to oral and written comments. The more important changes are:

* The requirement that a school bus driver stop a school bus at a railroad grade crossing unless directed otherwise by a police officer or a traffic-control signal was changed to require that a school bus be stopped at a railroad grade crossing unless directed otherwise by a police officer. This change was in response to concerns expressed by officials of railroad companies. They indicated that, contrary to popular belief, most grade-crossing barriers do not operate in conjunction with traffic-control signals.

* The requirement that the first-aid and body-fluid cleanup kits on a school bus contain a pair of latex gloves was changed to require a pair of non-latex gloves. This change was in response to concerns about the prevalence and severity of latex allergy.

Neither of these changes is substantial under the standards at A.R.S. § 41-1025(B), especially when the rules are considered as a whole (See A.R.S. § 41-1052(C)(7)). Each is designed to ensure the safety of those who ride school buses.

11. A summary of the principal comments and the agency responses to them:

Comment about R17-9-101:

The definition of “on-duty” needs to exclude “all time providing a breath or urine sample...to comply with the testing requirements of this Chapter” so school bus drivers do not expect to be paid when undergoing testing during the summer.

Response:The time that a school bus driver is considered “on-duty” has nothing to do with whether the school bus driver is in pay status. The time “on-duty” is used only to determine when a school bus driver must be provided time “off-duty.” The time spent complying with testing requirements clearly is time “on-duty.” The definition was clarified by adding the following:

The time on-duty is used only to determine when a school bus driver must be provided time off-duty. Time on-duty may be compensated by the employer or an entity other than the employer or may be uncompensated.

Comment about R17-9-102(A)(2)(b)(ix): Requiring an applicant’s driving record from every state other than Arizona in which the applicant was licensed during the last 10 years will make recruitment more difficult. What about applicants previously licensed in another country? If we are unable to get a 10-year record, will we be forbidden to hire the applicant?

Response: The Department reassessed its position on this matter and deleted the requirement. The Department is able to obtain and review an applicant’s driving record without having the applicant provide the information.

Comment about R17-9-102(D): What does the word “repeatedly” mean as it is used in this subsection?

Response: As used in the phrase, “...an applicant shall not have repeatedly received citations for violation of traffic law,” the word “repeatedly” has its ordinary dictionary meaning. It means to recur again and again.

Comment about R17-9-104(B)(15)(c): There is too much risk involved to allow school buses to proceed at a railroad grade crossing with a traffic control signal because, contrary to what many school bus drivers believe, most of these signals do not control operation of the grade-crossing barrier. School buses should be required to stop at all railroad grade crossings unless directed to proceed by a police officer.

Response: The Department agrees. The phrase “or traffic control signal” was deleted. All school buses now must stop at railroad grade crossings unless directed otherwise by a police officer.

Comment about R17-9-104(D)(13): Does the statement that a school bus driver shall not eat or drink on a school bus while the school bus is in motion mean that the school bus driver can eat or drink while loading or unloading passengers?

Response: If the bus is not in motion, the driver can eat or drink. To further clarify this matter, the phrase was rewritten to read, “A school bus driver shall not eat or drink on a school bus unless the school bus is completely stopped.”

Comment about R17-9-104(D)(16): The provision that a school bus driver shall not assume responsibility for transporting any medication that belongs to a passenger is a hardship for many families. It will be difficult for the families to transport or mail the medications to the schools. Children frequently look into the backpacks of others so medication in a child’s backpack is not safe.

Response: The Department is sympathetic to the concern expressed but no change was made to the rule. The Department is concerned about the potential liability of a school bus owner if a school bus driver assumes responsibility for a passenger’s medication and forgets to give the medication to the school nurse. The Department is also concerned about the amount of time required for a school bus driver to leave the school bus, locate the school nurse, and transfer responsibility for the medication to the school nurse. Ensuring that a child receives needed medication is a parental responsibility.

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Comment about R17-9-106(4)(e) and (f): The rule requires a minimum of 10 psi between activation of the warning signal and activation of the emergency brake system. There should be at least 30 psi between these to allow enough time to stop the school bus safely.

Response: The rule as written is consistent with the federal motor carrier regulations at 49 CFR 393.40. No change was made.

Comment about R17-9-108(E):The new requirement that a school bus owner ensure that maintenance of a school bus and repair of major defects are done by qualified persons was controversial. Some comments opposing the requirement referred to it as “an unfunded mandated;” urged reliance on whether a school bus meets the minimum standards; indicated that ASE certification is not a “cure-all;” and argued that rural school districts do not have certified mechanics. Those supporting the requirement cited safety concerns and the importance of protecting the children who ride school buses.

Response:No change was made. As the rule is written, only a person with less than 1 year of experience as a school bus mechanic **and** not working under the supervision of an ASE-certified master school bus technician is not qualified to perform maintenance or major repair on a school bus. When the complexity of working on school buses and the safety of children and the public are considered, the expectation regarding the qualification of persons who maintain or repair school buses is reasonable.

Comment about R17-9-108(F)(4): Why do records of operations checks have to be maintained for 3 years? A shorter amount of time would be sufficient.

Response: The Department agrees. The amount of time that records of operations checks must be maintained was reduced to 3 months.

Comment about R17-9-108(F)(5):When a school bus owner contracts with a local entity to provide maintenance and repair of a school bus, it is difficult for the school bus owner to obtain evidence of the qualifications of the person doing the maintenance and repair.

Response: Subsection R17-9-108(F)(5) was deleted and a provision was added to R17-9-108(F)(2) that:

The school bus owner shall ensure that all records of repairs and maintenance procedures include verification from the owner of the business responsible for the repairs and maintenance procedures that the individual who actually performs the repairs and maintenance procedures is qualified under subsection (E).

This change shifts the burden from the school bus owner to obtain evidence of the repairperson’s qualifications to the repairperson or the repairperson’s employer to verify that the repairperson is qualified.

Comment about R17-9-110(2)(j): Because of the increased incidence of allergy to latex and because this allergy can cause fatal reactions, a first-aid kit should contain non-latex gloves rather than latex. Awareness of this problem is increasing and many persons in the medical field now use non-latex gloves.

Response: The Department agrees and made the change.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None.

13. Incorporations by reference and their locations in the rules:

U.S. Department of Transportation, Federal Highway Administration, 49 CFR 382, October 1999, incorporated at R17-9-101 (“Controlled substances and alcohol testing”).

U.S. Department of Transportation, Federal Highway Administration, 49 CFR 40, October 1999, incorporated at R17-9-101 (“Controlled substances and alcohol testing”).

Federal Motor Carrier Safety Regulations, 49 CFR 391.43, October 1999, incorporated at R17-9-101(“Physical examination form”).

Society of Automotive Engineers Standard J377, May 1998, incorporated at R17-9-106(16).

Society of Automotive Engineers Standard J381, April 1994, incorporated at R17-9-107(6)(b).

Society of Automotive Engineers Standard J382, June 1994, incorporated at R17-9-107(6)(b).

Standard for Portable Fire Extinguishers, National Fire Protection Association, NFPA 10 (1998), incorporated at R17-9-107(9)(b)(i).

Federal Motor Vehicle Safety Standards, 49 CFR 571.125, October 1999, incorporated at R17-9-107(9)(c).

National Highway Traffic Safety Administration, School Bus Safety Assurance Program Recall Listing: January 1991 Through June 1996, incorporated at R17-9-107(11).

Federal Motor Carrier Safety Regulations, 49 CFR 393.9 *et seq.*, October 1999, incorporated at R17-9-107(15)(a).

Federal Motor Vehicle Safety Standards, 49 CFR 571.111, October 1999, incorporated at R17-9-107(16)(b).

14. Was this rule previously adopted as an emergency rule?

No.

15. The full text of the rules follows:

TITLE 17. TRANSPORTATION

**CHAPTER 9. DEPARTMENT OF ADMINISTRATION
SCHOOL BUSES**

ARTICLE 1. SCHOOL BUS MINIMUM STANDARDS

Section

- R17-9-101. Definitions
- R17-9-102. Certification of School Bus Drivers
- R17-9-103. Certification of Classroom and ~~Behind-The-Wheel~~ Behind-the-wheel Instructors
- R17-9-104. Minimum Standards for School Bus Operation
- R17-9-105. Special Needs Standards
- R17-9-106. Minimum Standards for School Bus Chassis
- R17-9-107. Minimum Standards for School Bus Body
- R17-9-108. Inspection, Maintenance, and Alterations
- ~~Exhibit A. Physical Examination Form Repealed~~
- R17-9-110. First-aid Equipment
- R17-9-111. Rehearing or Review of Decision
- Exhibit ~~B~~ A. Proof of Completion of Behind-the-wheel Training and Driving Test

ARTICLE 1. SCHOOL BUS MINIMUM STANDARDS

R17-9-101. Definitions

In this ~~Article~~ Chapter, unless otherwise specified:

“Accident” means any unexpected occurrence involving a moving or non-moving school bus that results in any bodily injury or fatality to ~~passengers or non-passengers~~ a passenger or non-passenger, damage to personal or real property outside the school bus, or damage to the school bus that affects the integrity of the school bus.

“Alternately flashing signal lamps” means a system of red or red and amber lamps that are mounted horizontally to both the front and rear of the school bus body, and used to inform the public that the school bus is preparing to stop or has stopped to load or unload passengers. Alternately flashing signal lamps can be either a 4-lamp system as described in A.A.C. R17-9-107(~~43~~ 15)(c)(i) or an 8-lamp system as described in A.A.C. R17-9-107(~~43~~ 15)(c)(ii).

“Alteration” means any addition, modification, or removal of any equipment or component after a school bus ~~has been~~ is inspected by the Department, which may affect the operations of the school bus; compliance with the statutes or rules applicable to school buses; or ~~affect~~ the health, safety, or welfare of any individual.

“Applicant” means an individual who submits ~~a completed~~ an application to the Department to obtain a certificate to operate a school bus or to teach classroom or behind-the-wheel training.

“ASE” means National Institute of Automotive Service Excellence.

“Auxiliary ~~fans fan~~” means ~~devices~~ a device mounted inside the school bus body used to supplement the heating, defrosting, or air-conditioning systems by circulating air in the school bus.

“Behind-the-wheel instructor” means an individual certified by the Department ~~pursuant to~~ under A.A.C. R17-9-103 to provide behind-the-wheel training to applicants.

“Behind-the-wheel training” means the complete physical control of a school bus by an applicant ~~to operate a school bus~~ while accompanied by and under direct observation of a behind-the-wheel instructor.

“Belt cutter” means a hand-held instrument containing a blade used to sever a seat belt or a wheelchair-securement device.

“Certificate” means ~~the~~ a written authorization issued by the Department to operate a school bus or to act as a classroom or behind-the-wheel instructor in Arizona.

“Chassis” means the part of a school bus that consists of all base components, including the frame, front and rear suspension, exhaust system, brakes, engine, engine hood or cover, transmission, front and rear axles, front fenders, drive train and shaft, fuel system, engine air intake and filter, clutch and accelerator pedals, steering wheel, tires, heating and cooling system, battery, and controls and instruments to operate the school bus.

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“Chassis cowl” means those parts of a Type C school bus that are located in front of the cowl and attached before a school bus manufacturer adds the school bus body.

“Citation” has the same meaning as ~~set forth~~ at A.R.S. § 28-~~1606~~ 1872.

“Classroom instructor” means an individual certified by the Department ~~pursuant to~~ under A.A.C. R17-9-103 to ~~teach~~ provide classroom training to:

- a. Applicants to operate a school bus,
- b. Applicants to teach classroom training,
- c. Applicants to teach techniques of behind-the-wheel training, or
- d. School bus drivers for refresher training.

“Classroom training” means the courses required by the Department of an applicant before the applicant is certified ~~or of a school bus driver to maintain certification~~.

“Commercial ~~driver’s~~ driver license” has the same meaning as ~~set forth~~ at A.R.S. § 28-~~402(2)~~ 3001.

“Controlled substances and alcohol testing” means a determination of an applicant’s or school bus driver’s use of marijuana, cocaine, phencyclidine, opiates, amphetamines, and alcohol prescribed by 49 CFR 382, ~~published in October 1994, 1999~~ (no later amendments or editions), and conducted in accordance with ~~the~~ the procedures ~~set forth~~ at 49 CFR 40, ~~published in October 1994, 1999~~ (no later amendments or editions), both published by the U.S. Government Printing Office, Superintendent of Documents, Mail Stop: SSOP, Washington, D.C. 20402-9328, incorporated by reference, and on file with the Department and the Office of the Secretary of State, and a determination of an applicant’s or school bus driver’s use of barbiturates, benzodiazepines, methadone, and propoxphene as required by these rules and conducted in accordance with the procedures ~~set forth~~ at 49 CFR 40.

“Cowl” means ~~that~~ the portion of the chassis in a Type C school bus that separates the school bus engine from the school bus driver’s compartment.

“Cutaway van” means a chassis to which a completed driver’s compartment is attached before a school bus manufacturer adds ~~the~~ a school bus body.

“dB(A)” means decibels A scale, a term denoting that noise level has been adjusted to duplicate human hearing.

“Department” means the Arizona Department of Public Safety.

“Driver’s compartment” means the part of ~~the~~ a school bus body that is separated from the passenger compartment by a barrier and contains the controls and instruments for the operation of the school bus.

“Emergency-brake system” means ~~the~~ mechanical components used to slow or stop a school bus after a failure of the service-brake system.

“Emergency exit” means an opening in a school bus, including a door, push-out window, or roof hatch, used to unload passengers in the event of an occurrence that requires immediate evacuation of ~~a~~ the school bus.

“Employer” means a private business or school district that hires applicants and certified school bus drivers to operate school buses.

“Forward-control chassis” means a chassis to which ~~the school bus driver~~ controls used to operate a school bus, including the brake, clutch and accelerator pedals, emergency brake, and steering wheel, ~~and other controls used to operate the school bus~~, are mounted as far forward on the chassis as possible and are attached before a school bus manufacturer adds ~~the~~ a school bus body.

“Frame” means the structural foundation upon which ~~the~~ a school bus chassis is constructed.

“Frontage road” means a street that parallels an interstate highway and furnishes access to streets and property that would otherwise be unreachable from the interstate highway.

“Gross vehicle weight rating” means the value specified by the manufacturer as the maximum total loaded weight of a school bus ~~as set forth in~~ calculated in accordance with A.A.C. R17-9-106(26).

“Health care professional” means:

- a. A physician licensed to practice medicine ~~pursuant to~~ under A.R.S. § 32-1401 *et seq.*, osteopathy ~~pursuant to~~ under A.R.S. § 32-~~1801~~ 1800 *et seq.*, or chiropractic ~~pursuant to~~ under A.R.S. §32-~~921~~ 900 *et seq.*;
- b. A physician licensed to practice medicine, osteopathy, or chiropractic in a state contiguous to Arizona;

- c. A physician employed by the United States government and licensed by a state ~~medical board in~~ or territory of the United States;
- d. A ~~physician's~~ physician assistant licensed ~~pursuant to~~ under A.R.S. § 32-2501 *et seq.*; or
- e. A registered nurse practitioner licensed ~~pursuant to~~ under A.R.S. § 32-~~1632~~ 1601 *et seq.*

"Highway" has the same meaning as ~~set forth~~ at A.R.S. § 28-101 ~~(64)~~ (48).

"Identification" means the signs, lettering, or numbers placed on the interior or exterior of ~~the~~ a school bus body, including the glass areas, but does not include the lettering, numbers, or logos of a manufacturer or distributor of the manufacturer's product.

"Ignition power-deactivation switch" means a device that when set causes the engine of a motor vehicle to stop operating if the transmission is placed into gear or the parking-brake system is released.

"Interstate highway" means the designation given by the ~~Federal Government~~ federal government to the system of highways connecting 2 or more states of the United States.

"Lamp" means a device that is covered by a lens and used to produce artificial light.

"Major defect" means a condition that exists to the interior or exterior of a school bus that causes the Department or ~~employer~~ owner to place the school bus out of service while the defect is being corrected.

"Manufacturer" means ~~the~~ an entity engaged in the manufacturing or assembling of a school bus chassis, school bus body, or school bus chassis and body.

"Minor defect" means a condition that exists to the interior or exterior of a school bus that is not a major defect and allows the school bus to remain in operation while the defect is being corrected.

"Off-duty" means the ~~period of~~ time a school bus driver is not on-duty.

"On-duty" means the period between the time a school bus driver begins to work for the employer or is required to be ~~in~~ readiness ready to work for the employer until the time the school bus driver is relieved from work and all responsibility for performing work for the employer. The time on-duty is used only to determine when a school bus driver must be provided time off-duty. Time on-duty may be compensated by the employer or an entity other than the employer or may be uncompensated. On-duty includes:

- a. All time at an employer's place of business, waiting to be dispatched.
- b. All time performing an operations check of a school bus in accordance with A.A.C. R17-9-108~~(D)~~, or servicing or conditioning a school bus;
- c. All time driving a school bus, including loading or unloading the school bus, and remaining in readiness to drive a school bus;
- d. All time, at the direction of the employer, travelling but not driving a school bus or assuming any other responsibility to the employer. If the school bus driver is afforded at least 8 consecutive hours off-duty upon arrival at the school bus driver's destination after travelling but not driving a school bus or assuming any other responsibility to the employer, the school bus driver shall be considered off-duty for the entire period travelling but not driving the school bus or assuming any other responsibility to the employer;
- e. All time repairing, obtaining assistance, or remaining in attendance upon a disabled school bus;
- f. All time preparing required reports and records;
- g. All time providing a breath or urine sample, including travel time to and from the collection site, to comply with the testing requirements of this Chapter;
- ~~g~~ h. All time performing any other work for the employer; and
- ~~h~~ i. All time performing any compensated work for any entity other than the employer.

"Out of service" means a school bus can not be used to transport passengers.

"Owner" means the public or governmental agency or institution or private company in whose name a school bus is titled.

"Parking-brake system" means ~~the~~ mechanical components used to prevent the movement of a school bus while loading or unloading ~~passengers~~ a passenger or when the school bus is parked.

"Passenger" means an individual who rides in a school bus but does not participate in the operation of the school bus.

"Passenger compartment" means that part of the school bus body that is separated from the school bus driver's compartment by a barrier and holds the passengers to be transported.

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“Physical examination” means an evaluation of an applicant’s or school bus driver’s medical status performed by a health care professional according to this Article.

“Physical examination form” means ~~Exhibit A or the form set forth~~ at 49 CFR 391.43, published October ~~1994~~, 1999 (and no future amendments or editions) by the U.S. Government Printing Office, Superintendent of Documents, Mail Stop: SSOP, Washington, D.C. 20402-9328, incorporated by reference and on file with the Department and the Office of the Secretary of State.

“Push-out window” means safety glass enclosed in a frame on a school bus that moves to the outside of the school bus when force is applied to the window from inside the school bus.

“Refresher training” means the courses required by the Department of each school bus driver to maintain certification as a school bus driver in Arizona.

“Restraining barrier” means a structure located in front of any school bus seat that restricts the forward motion of a passenger.

“Rub rail” means a horizontal steel bar attached to the outside of ~~the~~ a school bus body used to reinforce the sides of the school bus.

“Safety glass” has the same meaning as ~~set forth~~ at A.R.S. § 28-959 ~~(B)~~ (F).

“School” means a school as defined by A.R.S. § 15-101~~(16)~~ (19), accommodation school as defined by A.R.S. § 15-101(1), charter school as defined by A.R.S. § 15-101(3), or private school as defined by A.R.S. § 15-101~~(15)~~ (18).

“School bus” has the same meaning as ~~set forth~~ at A.R.S. § 28-101~~(53)~~ (43).

“School bus body” means a structure assembled upon a chassis designed to carry a school bus driver and passengers.

“School bus driver” means an individual who ~~has been~~ is certified by the Department ~~to meet~~ as meeting the requirements ~~set forth~~ at A.R.S. § 28-~~414-01~~ 3228 and A.A.C. R17-9-102 to operate a school bus in Arizona.

“School district” has the same meaning as ~~set forth~~ at A.R.S. § 15-101~~(17)~~ (20).

“Service-brake system” means ~~the~~ mechanical components used to slow or stop a school bus.

“Service door” means a metal structure used to close the opening of a service entrance.

“Service entrance” means ~~the~~ an opening in a school bus used to load or unload passengers.

“Special needs school bus” means a school bus that is designed to transport disabled passengers, some of whom may use a wheelchair, and is constructed with a service entrance and a special-service entrance.

“Special-service entrance” means an opening in a school bus that accommodates a wheelchair lift for the loading or unloading of ~~passengers~~ a passenger who ~~use~~ uses a wheelchair.

“Special-service entrance door” means a metal structure used to close the opening of ~~the~~ a special-service entrance.

“Street” has the same meaning as ~~set forth~~ at A.R.S. § 28-101 ~~(64)~~ (48).

“Traffic control signal” has the same meaning as ~~set forth~~ at A.R.S. § 28-~~602~~ ~~(26)~~ 601 (27).

“Training” means the instruction, courses, classes, or workshops provided by the Department or the employer that are required to obtain or maintain certification as a school bus driver, classroom instructor, or behind-the-wheel instructor in Arizona.

“Transport” or “transporting” means a school bus driver ~~has set the~~ sets a school bus in motion to carry passengers or objects authorized by the school district to be carried in a school bus.

“Type A ~~School Bus~~ school bus” means a van converted to a school bus body or a school bus body that is constructed upon a cutaway van, has a left side door for the school bus driver, and is designed ~~for carrying to carry~~ more than 10 individuals. Part of the engine is beneath the windshield and beside the driver’s seat and the service door is located behind the front wheels. ~~This definition includes two classifications: Type A-I, with~~ A Type A school bus, which is sometimes called a Type A-II school bus, has a gross vehicle weight rating of more than 10,000 pounds and Type A-II, with a gross ~~vehiele~~ vehicle weight rating of 10,000 pounds or less.

“Type B ~~School Bus~~ school bus” means a school bus body that is constructed upon a cutaway van or a forward-control chassis, ~~which~~ has a gross vehicle weight rating of more than 10,000 pounds, and is designed ~~for carrying to carry~~ more than 10 individuals. Part of the engine is beneath the windshield and beside the driver’s seat and the service door is located behind the front wheels. A Type B school bus is sometimes called a Type A-I school bus.

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“Type C ~~School Bus~~ school bus” means a school bus body that is installed either upon a chassis cowl with the engine located beneath or in front of the windshield and in front of the cowl or upon a forward-control chassis with part of the engine beneath the windshield and beside the driver’s seat. The service door is located behind the front wheels. The school bus has a gross vehicle weight rating of more than 10,000 pounds and is designed to carry more than 10 individuals.

“Type D ~~School Bus~~ school bus” means a school bus body that is installed upon a chassis with the engine mounted in front of the front axle, between the front and rear axles, or behind the rear axle. The school bus driver’s seat and the service door are located in front of the front wheels. The school bus has a gross vehicle weight rating of more than 10,000 pounds and is designed to carry more than 10 individuals.

“Van” means a covered or enclosed truck ~~as defined at A.R.S. § 28-101(67)~~.

“Wheelchair” means a mobility aid consisting of a frame, seat, and 3 or 4 wheels, which is used ~~for the purpose of supporting to support and carrying~~ carry a disabled passenger ~~with a disability~~.

“Wheelchair lift” means ~~the an~~ electric hydraulic mechanism and platform in a school bus used to raise and lower a passenger in a wheelchair.

“Wheelchair-lift platform” means ~~the a~~ horizontal surface upon which a wheelchair sits while being raised or lowered.

“Wheelchair-passenger restraint” means ~~the a~~ combination of a pelvic and an upper torso restraint, including buckles and fasteners, designed to secure a passenger in a wheelchair within a school bus.

“Wheelchair-passenger restraint anchorage” means ~~the~~ equipment for fastening wheelchair-passenger restraints to the interior of ~~the a~~ school bus.

“Wheelchair-securement anchorage” means ~~the~~ equipment for fastening a wheelchair-securement ~~devices~~ device to ~~the a~~ school bus floor.

“Wheelchair-securement device” means a strap or webbing, including buckles and fasteners, used for fastening a wheelchair to a wheelchair-securement anchorage.

“Wheelchair-securement system” means ~~the~~ components used to fasten ~~the a~~ wheelchair to the interior of ~~the a~~ school bus, including a wheelchair-securement ~~anchorage~~ anchorage and a wheelchair-securement ~~devices~~ device.

R17-9-102. Certification of School Bus Drivers

A. Certification requirements. An individual shall not operate a school bus in Arizona without being certified by the Department. An applicant for certification shall:

1. Be a minimum of 18 years of age;
2. Submit all of the following to the Department through the employer:
 - a. A completed fingerprint card and fingerprint card processing fee;
 - b. An application signed and dated by the applicant that states the applicant’s:
 - i. Name, home address, and home phone number;
Any alias ever used by the applicant;
 - iii. Social security number;
 - ~~ii~~ iv. Date of birth;
 - ~~iii~~ v. Arizona commercial ~~driver’s~~ driver license number;
 - ~~iv~~ vi. Date of previous application for certification, if any;
 - ~~v~~ vii. Intended employer’s name;
 - ~~vi~~ viii. Convictions for a felony or misdemeanor, if any, in this state or any other state; and
 - ~~vii~~ ix. Total points accumulated against the applicant’s driving record during the 2 years immediately preceding the date of application using the point system contained in A.A.C. R17-4-506- ;
 - c. Completed physical examination form and results of controlled substances testing- ; and
 - d. A verification made under penalty of perjury that all submitted information is true and complete;
3. Possess a current Arizona commercial ~~driver’s~~ driver license ~~as set forth at under~~ A.R.S. § 28-403 3101;
4. Possess a current Arizona passenger endorsement ~~as set forth at under~~ A.R.S. § 28-416.01(4) 3103(A)(4);
5. Meet the driving record requirements ~~as set forth listed~~ in this Article; and
6. Complete the training requirements ~~as set forth listed~~ in this Article.

B. Physical examination

1. An applicant or school bus driver shall submit to a physical examination that is conducted by a health care professional in accordance with the physical examination form. An applicant or school bus driver is qualified to operate a school bus only if the health care professional concludes that the applicant or school bus driver has no condition that would interfere with the applicant’s or school bus driver’s ability to operate a school bus safely.
2. An applicant or school bus driver who is insulin dependent shall obtain the waiver described in A.A.C. R17-4-435.06.

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- 2 3. An applicant shall submit the completed physical examination form and, if applicable, a copy of the waiver required under subsection (B)(2), to the Department through the employer ~~within 90 calendar days of the physical examination.~~
- 3 4. The initial physical examination of an applicant, conducted in accordance with the physical examination form, expires 24 months from the date of the physical examination ~~or on October 31 of the second consecutive year following the initial examination, whichever comes first. Thereafter, each physical examination expires 24 months from the date of the physical examination unless a shorter time is specified by the health care professional who administers the physical examination.~~ The A school bus driver shall submit to a physical examination before the expiration date of the previous physical examination and send the completed physical examination form to the Department through the employer by October 31 of the year of the examination before the end of the month in which the previous physical examination expires.
- 4 5. If a health care professional determines that further testing of an applicant or school bus driver is needed by an ophthalmologist or optometrist, the health care professional shall refer the applicant or school bus driver to:
- a. An ophthalmologist licensed ~~pursuant to~~ under A.R.S. § 32-1401 *et seq.*,
 - b. An optometrist licensed ~~pursuant to~~ under A.R.S. § 32-1701 *et seq.*,
 - c. An ophthalmologist licensed to practice ophthalmology or optometrist licensed to practice optometry by a state contiguous to Arizona, or
 - d. An ophthalmologist licensed to practice ophthalmology or optometrist licensed to practice optometry by any state or territory of the United States and employed by the United States government.
- 5 6. In addition to the physical examinations required by this Article, the Department or the employer may require a physical examination of a school bus driver for an impairment that would affect the ability to operate a school bus safely. ~~In making this determination, the The Department or employer may consider~~ shall base its decision to require an additional physical examination upon consideration of the appearance or actions of the school bus driver. ~~Results The school bus driver shall submit results of a physical examination conducted pursuant to under this subsection shall be received by to the Department through the employer~~ within 30 days of the date of the physical examination.
- C. Controlled substances and alcohol testing
1. An applicant or school bus driver shall submit to alcohol and controlled substances testing as ~~permitted~~ required by A.R.S. § ~~23-493 et seq. 28-3228(C)(2)~~ and as prescribed by this Article and 49 CFR 382 ~~(1994) (1999)~~, which is conducted in accordance with the procedures ~~set forth~~ at 49 CFR 40 ~~(1994) (1999)~~, except for the changes in 49 CFR 40 and 49 CFR 382 ~~set forth~~ listed in subsections (C)(1)(a) through (C)(1)(~~m~~ i).
 - a. 49 CFR 40.3
 - i. “Employee,” “individual,” or “individual to be tested,” ~~as used in 49 CFR 40,~~ means an applicant or a school bus driver as defined at A.A.C. R17-9-101.
 - ii. “Employer” has the same meaning as ~~set forth~~ at A.A.C. R17-9-101.
 - b. 49 CFR 382.107
 - i. ~~“Accident” has the same meaning as set forth at A.A.C. R17-9-101.~~
 - ii. ~~“Commercial motor vehicle” has the same meaning as set forth at A.R.S. § 28-402(4)(e) 3001.3 3001(3).~~
 - iii. ~~“Driver” means a school bus driver as defined at A.A.C. R17-9-101.~~
 - iv. ~~“Employer” has the same meaning as set forth at A.A.C. R17-9-101.~~
 - v. “Performing a safety-sensitive function” means any ~~period of~~ time during which a school bus driver is on-duty except when the school bus driver is being compensated by an entity other than the employer.
 - vi. ~~“Safety-sensitive function” means any activity for which a school bus driver is on-duty except when the school bus driver is performing an activity for and being compensated by an entity other than the employer.~~
 - vii. ~~“School bus” has the same meaning as set forth at A.R.S. § 28-101(53)(43).~~
 - e. ~~49 CFR 382.204 is changed to read: No driver shall be on duty for the employer or operate a commercial motor vehicle while the driver possesses alcohol. No employer having actual knowledge that a driver possesses alcohol may permit the driver to perform a safety-sensitive function.~~
 - ~~c.~~ 49 CFR 382.207. In both sentences, the word “four” is changed to “eight.”
 - e. d. 49 CFR 382.301(a) is changed to read: Prior to the first time a driver performs a safety-sensitive ~~functions~~ function for an employer, the driver shall undergo testing for controlled substances. ~~No An~~ employer shall ~~not~~ allow a driver to perform a safety-sensitive ~~functions~~ function unless the driver has received a controlled substances test result from the medical review officer indicating a verified negative test result.
 - f e. 49 CFR 382.301(b) ~~and (c) and (d):~~ Delete these subsections.
 - f. 49 CFR 382.303(a): Delete the words “in commerce.”
 - g. 49 CFR 382.303(a)(1): Delete the words “, if the accident involved the loss of human life”
 - h. 49 CFR 382.303(a)(2): Delete the words “, if the accident involved.”
 - i. 49 CFR 382.303(a)(2)(i) and (ii) and (a)(3): Delete these subsections.
 - g. 49 CFR 382.305 (a)(1), (b), (c), (d) and (i): Delete these subsections.
 - h. 49 CFR 382.305 (e): Delete the words “alcohol and” before “controlled substances testing.”

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- i. ~~49 CFR 382.305 (f): Delete the first sentence. In both places in the third sentence, delete "alcohol and/or;" delete "alcohol or" following DOT.~~
 - j. ~~49 CFR 382.305 (g): In both places, delete "alcohol and."~~
 - k. ~~49 CFR 382.305 (h): Delete "alcohol and/or."~~
 - l. ~~49 CFR 382.305 (j): In both places, delete "alcohol or;" delete "alcohol and/or."~~
 - m. ~~49 CFR 382.305 (k): In both places, delete "alcohol or."~~
2. An employer shall test an applicant or school bus driver for use of barbiturates, benzodiazepines, methadone, and propoxphene using the procedure ~~set forth~~ at 49 CFR 40. As required by 49 CFR 40.21, when ~~When~~ testing for barbiturates, benzodiazepines, methadone, and propoxphene, the employer shall use a urine sample that is collected separate ~~and not split~~ from the urine sample used to test for marijuana, cocaine, opiates, amphetamines, and phencyclidine. To provide 2 separate urine samples, a donor shall urinate into 2 collection containers.
 3. The employer shall ensure that each school bus driver is tested for use of controlled substances at least once every 12 months and when requested to do so by the Department. Controlled substances testing conducted after the initial or screening test may be conducted on a random basis.
 4. The employer shall submit any and all negative results of controlled substances and alcohol testing to the Department within 90 days of the date of testing by providing the Department a copy of the report submitted to the employer by the entity that conducted the testing.
 5. The employer shall immediately notify the Department by telephone of any and all positive results of controlled substances and alcohol testing and shall submit to the Department within 5 ~~calendar~~ days a copy of the report submitted to the employer by the entity that conducted the testing.
- D. Driving record.
1. During the 24 months before the date of application or during any 24-month period while certified as a school bus driver, an applicant or school bus driver shall not ~~have accumulated~~ accumulate eight 8 or more points against a driving record in this state using the point system contained in A.A.C. R17-4-506.
 2. During the 10 years before the date of application, an applicant shall not have repeatedly received citations for violation of traffic law.
- E. Training requirements of a school bus driver
1. Before being certified by the Department as a school bus driver, an applicant shall complete a minimum of 14 ~~actual~~ hours of classroom training in the following:
 - a. State and federal traffic laws,
 - b. Behind-the-wheel driving operations,
 - c. School bus driver's responsibilities to passengers and school,
 - d. Inspections and operations checks,
 - e. Records and reports,
 - f. Special needs transportation; and
 - g. Accidents and emergencies.
 2. Classroom training shall be taught by a classroom instructor.
 3. At least 7 ~~calendar~~ days before ~~the date of the~~ classroom training, the classroom instructor shall notify the Department in writing of the date, time, and location of classroom training. The classroom instructor shall notify the Department by any means available at least 24 hours before the date, time, or location of classroom training is changed or canceled.
 4. After completion of classroom training, the classroom instructor shall administer to the applicant a written examination standardized by the Department.
 - a. The written examination shall consist of a combination of 50 true or false, multiple choice, and fill-in-the-blank questions. The examination questions shall cover the following classroom material topics listed in subsection (E)(1):
 - i. ~~State and federal traffic laws,~~
 - ii. ~~Behind the wheel driving operations,~~
 - iii. ~~School bus driver's responsibilities to passengers and school,~~
 - iv. ~~Inspections and operations checks,~~
 - v. ~~Records and reports,~~
 - vi. ~~Special needs transportation, and~~
 - vii. ~~Accidents and emergencies.~~
 - b. Each question ~~shall be given~~ has a value of 2 points. An applicant shall To pass the examination by receiving an applicant shall receive a score that is equal to equals or exceeds 80% of the total possible score.
 - c. If an applicant is unable to read or speak the English language, the employer shall arrange to have the examination administered orally to the applicant in the language with which the applicant is most familiar.
 - d. If an applicant does not ~~receive pass~~ the examination ~~score required for classroom training~~ on the first 1st attempt, the applicant ~~is allowed to~~ may take an examination 2 more times within 12 months of the first attempt.

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A different examination shall be administered to an applicant who is taking an examination for the ~~second 2nd~~ 2nd or ~~third 3rd~~ 3rd time. The period ~~of time~~ between examinations shall be a minimum of 24 hours. If the applicant fails the examination on the ~~third 3rd~~ attempt, the applicant shall be considered further only if the applicant ~~files a new application and the documents required by these rules~~ complies again with the requirements in this Section.

5. The classroom instructor shall submit the following information in a written report to the Department and the employer within ~~7 calendar~~ days from the date of the conclusion of a training course:
 - a. Instructor's name,
 - b. Instructor's certification number,
 - c. Date of training,
 - d. Location of training,
 - e. Each applicant's name, and
 - f. Each applicant's test examination score.
6. ~~After completing~~ In addition to the classroom training ~~and before being certified to transport passengers in a school bus,~~ an applicant shall complete behind-the-wheel training consisting of a minimum of ~~20 actual~~ hours operating a school bus in Arizona.
 - a. Behind-the-wheel training shall be taught by a behind-the-wheel instructor who ~~shall be~~ is present and observing the applicant while the applicant is operating the school bus.
 - b. Only the applicant, behind-the-wheel instructor, employer, and Department employees shall be aboard the school bus while the applicant actually operates the school bus.
 - c. ~~The~~ At the conclusion of behind-the-wheel training, the behind-the-wheel instructor shall administer ~~a~~ the driving test ~~as set forth in Exhibit B A to the applicant.~~ The behind-the-wheel instructor shall either pass or fail ~~an~~ the applicant and submit the results in writing to the Department and the employer within ~~7 calendar~~ days of the ~~conclusion of the~~ driving test.

F. First aid and cardiopulmonary resuscitation

1. Before being certified, an applicant shall complete ~~4 actual hours of~~ classroom instruction in cardiopulmonary resuscitation and ~~4 actual hours of classroom instruction in~~ basic first aid. The instruction in cardiopulmonary resuscitation shall include performing cardiopulmonary resuscitation on children and infants.
2. The instruction shall be conducted by an individual currently certified as an instructor in first aid and cardiopulmonary resuscitation ~~from by~~ a program approved by a nationally recognized organization such as the American Heart Association, the American Red Cross, the National Safety Council, or the Arizona Bureau of Mines, ~~or~~ ; by an emergency medical technician ~~or paramedic certified pursuant to A.R.S. § 36-2205 licensed by Arizona; or by an agency of the U.S. government.~~
3. An applicant shall submit to the Department, through the employer, a copy of the front and back of the first-aid card and cardiopulmonary resuscitation card issued to the applicant or other written documentation as proof of completion of the first-aid and cardiopulmonary resuscitation training.
4. A school bus driver shall renew first-aid and cardiopulmonary resuscitation instruction before expiration of the current training. Renewal instruction shall ~~consist of 4 actual hours in cardiopulmonary resuscitation and 4 actual hours in basic first aid~~ be provided by an individual described in subsection (F)(2). The school bus driver shall submit to the Department ~~and~~ through the employer, a copy of the front and back of the first-aid card and cardiopulmonary resuscitation card or other written documentation as proof of renewal of training.

G. The Department shall process an application for certification as a school bus driver under R17-9-109.

G H. Refresher training

1. A school bus driver shall have refresher training no ~~No~~ later than 24 months following ~~the date of initial certification or by October 31 of the second consecutive year following the initial certification, whichever comes first,~~ a school bus driver shall complete refresher training completion of the training required by subsection (E). Refresher training shall ~~consisting consist~~ consist of a minimum of 6 1/2 ~~actual~~ hours of classroom training in the ~~following topics listed in subsection (E)(1):~~ ;
 - a. ~~State and federal traffic laws,~~
 - b. ~~School bus driver responsibilities to passengers and school,~~
 - c. ~~Behind-the-wheel operations,~~
 - d. ~~Records and reports,~~
 - e. ~~Inspections and operations checks,~~
 - f. ~~Special needs transportation, and~~
 - g. ~~Accidents and emergencies.~~
2. After completing the first refresher training, the school bus driver shall complete a minimum of 6 1/2 ~~actual~~ hours of classroom training in the ~~areas described~~ topics listed in subsection (~~G~~ E)(1) every 24 months following the last refresher training.
3. A classroom instructor shall teach refresher training and shall submit the following information in a written report to the Department and the employer within ~~15 calendar~~ days from completion of the refresher training:

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- a. Instructor's name,
- b. Instructor's certification number,
- c. Date of training,
- d. Location of training, ~~and~~
- e. Each school bus driver's name: and
- f. Each school bus driver's certification number.

H I. Records

1. The employer shall maintain qualification and training records of an applicant who is certified and of a school bus driver who terminates employment, and qualification records of an applicant who is ~~refused~~ denied certification, for 24 months from the date of certification, termination of employment, or ~~refusal~~ denial of certification.
2. The employer shall maintain refresher training records of a school bus driver for 24 months from the date of completion of each refresher training course.
3. The employer shall transfer qualification and training records of a school bus driver to a subsequent employer upon written request by the subsequent employer or school bus driver.
4. Qualification records include:
 - a. Application,
 - b. Driving record, and
 - c. Copy of physical examination form and controlled substance test results.
5. Training records include:
 - a. An applicant's initial training date and the name and certification number of the instructor,
 - b. A school bus driver's refresher training date and the name and certification number of the classroom instructor,
 - c. Classroom and behind-the-wheel training examination ~~score~~ scores,
 - d. A copy of the first-aid card and cardiopulmonary resuscitation card or other written documentation of completion of first-aid and cardiopulmonary resuscitation training, and
 - e. A copy of the school bus driver certification card issued by the Department.

I J. ~~Refusal or~~ Denial, cancellation, or suspension of certificate

1. ~~The~~ Based on an assessment of the totality of the circumstances, the Department shall refuse to issue may deny a certificate to an applicant or ~~shall~~ may cancel or suspend a certificate of a school bus driver for:
 - a. Failing to meet or comply with the requirements of this Article;
 - b. Being convicted of or subject to an outstanding warrant for any felony; ~~or of~~
 - c. Being convicted of or subject to an outstanding warrant for a misdemeanor relating reasonably related to the occupation of a school bus driver; ~~including:~~
 - i. Civil traffic violation (A.R.S. § 28-1591 et seq.);
 - ii. Driving under the influence (A.R.S. § 28-1381 et seq.);
 - iii. Any sexual offense (A.R.S. § 13-1401 et seq.);
 - iv. Any abuse of a child (A.R.S. § 13-3623); or
 - v. Use, sale, or possession of a controlled substance (A.R.S. § 13-3401 et seq.).
 - d. Providing false, incomplete, or misleading information to the Department;
 - ~~d e.~~ Pursuant to Under A.R.S. § 28-692 28-1381, driving a school bus while under the influence of intoxicating liquor or drugs; or
 - e f. Pursuant to Under A.R.S. §§ 28-441-28-3301 through 28-455 28-3320, having a commercial driver's driver license canceled, suspended, revoked, or denied.
2. An applicant who ~~has been refused~~ is denied a certificate or a school bus driver whose certificate ~~has been~~ is canceled or suspended may request a hearing within ~~15~~ 30 ~~calendar~~ days from the date of receipt of the notice of the ~~refusal~~ denial, ~~or~~ cancellation, or suspension. The hearing shall be conducted according to the procedures contained in A.R.S. §§ ~~41-1061 through 41-1066~~ Title 41, Chapter 6, Article 10.
3. The Department shall inform an applicant who is denied a certificate or a school bus driver whose certificate is canceled or suspended of the amount of time that must elapse before the applicant or the school bus driver may reapply for certification. The Department shall include this information in the notice of denial, cancellation, or suspension and the notice of final order, if any, served on the applicant or school bus driver. In determining the amount of time that must elapse before reapplication, the Department shall consider:
 - a. The seriousness of the offense leading to denial, cancellation, or suspension;
 - b. The frequency with which the offense occurred; and
 - c. The amount of time required to correct the offense.

K. If a school bus driver is terminated from or leaves employment, the employer shall provide written notice to the Department within 30 days of the termination or leaving. If a school bus driver transfers employment from 1 employer to a 2nd employer, within 14 days of the transfer the 2nd employer shall provide written notice to the Department of the:

1. School bus driver's name.
2. School bus driver's certification number.

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3. Name of the transferring employer, and
4. Effective date of the transfer.

R17-9-103. Certification of Classroom and Behind-The-Wheel ~~the-wheel~~ Instructors

- A.** Before being certified ~~to teach as a classroom training instructor~~, an applicant shall:
1. Submit to the Department an application signed and dated by the applicant that states the applicant's:
 - a. Name, home address, and home phone number;
 - b. Social security number;
 - ~~b~~ c. Date of birth;
 - e d. Current employer's name, address, and phone number; and
 - ~~d~~ e. Dates of all previous applications-;
 2. Submit a letter to the Department from the current employer recommending that the applicant be considered as a classroom instructor; and
 3. Pass a written examination standardized by the Department:
 - a. The written examination shall consist of a combination of 50 true or false, multiple choice, and fill-in-the-blank questions. The examination questions shall cover the ~~following topics listed in R17-9-102 (E)(1)~~.
 - i. ~~State and federal traffic laws;~~
 - ii. ~~Behind the wheel driving operations;~~
 - iii. ~~School bus driver's responsibilities to passengers and school;~~
 - iv. ~~Records and reports;~~
 - v. ~~Inspections and operations checks;~~
 - vi. ~~Accidents and emergencies, and~~
 - vii. ~~Special needs transportation.~~
 - b. Each question ~~shall be given~~ has a value of 2 points. ~~An applicant shall~~ To pass the examination by receiving an applicant shall receive a score that is equal to equals or exceeds 90% of the total possible score.
 - c. If an applicant is unable to read or speak the English language, the employer shall arrange to have the examination administered orally to the applicant in the language with which the applicant is most familiar.
 - d. If an applicant does not receive pass the ~~required~~ examination score, the applicant may take a ~~second~~ 2nd examination, ~~that is~~ different from the ~~first 1st~~, a minimum of 24 hours from the time of the first examination.
 - e. If the applicant fails to ~~receive a passing score on~~ pass the ~~second~~ 2nd examination, the applicant may receive further consideration ~~shall not take another examination for a minimum of 12 months from the date of the second examination. To receive further consideration, the applicant shall submit by submitting~~ a new application and documents required by these rules.
 - f. The classroom instructor shall submit each applicant's examination score to the Department within 7 ~~calendar~~ days from the date of the examination.
- B.** ~~After passing the written examination, the applicant shall complete 8 actual hours of classroom training provided by the Department consisting of updates of state and federal statutes and rules or regulations relating to school buses, teaching techniques, and communication skills. The Department shall issue a certificate to teach classroom training to each applicant immediately after the applicant completes the classroom training. The Department shall process an application for certification as a classroom instructor under R17-9-109.~~
- C.** To maintain certification by the Department, a classroom instructor shall teach a minimum of 12 ~~actual~~ hours of classroom or refresher training every ~~±2~~ 24 months from the date of certification. The classroom instructor shall submit the following written documentation to the Department within 15 days of completion of a training program:
1. Name and certification number of classroom instructor,
 2. Location of training provided,
 3. Subject matter of training provided,
 4. Date of training, and
 5. Number of ~~actual~~ hours of training completed.
- D.** Before being certified ~~to teach as a behind-the-wheel training instructor~~, an applicant shall:
1. Be certified continuously as a school bus driver in Arizona for the ~~12-month period~~ months immediately preceding the application and be employed as a certified school bus driver at the time of application;
 2. Submit an application to the Department signed and dated by the applicant that states the applicant's:
 - a. Name, home address, and home phone number; ;
 - b. Social security number;
 - ~~b~~ c. Commercial ~~driver's~~ driver license number; ;
 - e d. Current employer's name, address, and phone number; ; and
 - ~~d~~ e. Dates of all previous applications-;
 3. Submit a letter to the Department from the current employer recommending that the applicant be considered as a behind-the-wheel instructor; and
 4. Pass a written examination standardized by the Department.

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- a. The written examination shall consist of a combination of 50 true or false, multiple choice, and fill-in-the-blank questions. The examination questions shall cover the following topics listed in R17-9-102(E)(1):
 - i. ~~State and federal traffic laws;~~
 - ii. ~~Behind the wheel driving operations;~~
 - iii. ~~School bus driver's responsibilities to passengers and school;~~
 - iv. ~~Records and reports;~~
 - v. ~~Inspection and operations checks;~~
 - vi. ~~Accidents and emergencies; and~~
 - vii. ~~Special needs transportation.~~
 - b. Each question shall be given has a value of 2 points. An applicant shall To pass the examination by receiving , an applicant shall receive a score that is equal to equals or exceeds 80% of the total possible score.
 - c. If an applicant is unable to read or speak the English language, the employer shall arrange to have the examination administered orally to the applicant in the language with which the applicant is most familiar.
 - d. If an applicant does not ~~receive pass the required~~ examination score, the applicant may take a second 2nd examination; that is different from the first, a minimum of 24 hours from the time of the first 1st examination.
 - e. If the applicant fails to ~~receive a passing score on pass~~ the second 2nd examination, the applicant ~~shall not take another examination for may receive further consideration by a minimum of 12 months from the date of the second examination. To receive further consideration, the applicant shall submit submitting~~ a new application and documents required by these rules.
 - f. The classroom instructor shall submit each applicant's examination score to the Department within 7 calendar days from the date of the examination.
- E. ~~After passing the written examination, the applicant shall complete 4 actual hours of classroom training provided by the Department, consisting of updates of state and federal statutes and rules or regulations relating to school buses, teaching techniques, and communication skills. The Department shall issue a certificate to teach behind the wheel training to each applicant immediately after the applicant completes the classroom training. The Department shall process an application for certification as a behind-the-wheel instructor under R17-9-109.~~
- F. To maintain certification by the Department, a behind-the-wheel instructor shall maintain certification as a school bus driver in this state and teach a minimum of 12 actual hours of behind-the-wheel training every 12 24 months from the date of certification. ~~The behind-the-wheel instructor shall submit the following written documentation to the Department every 12 months from the date of certification:~~
1. ~~Name of behind the wheel instructor;~~
 2. ~~Location of training;~~
 3. ~~Subject matter of training;~~
 4. ~~Date of training; and~~
 5. ~~Number of actual hours of training provided.~~
- G. Records
1. The ~~Department employer~~ shall maintain qualification and training the following records for each classroom and behind-the-wheel instructor for 24 months from the date of certification.
 2. ~~Qualification records include:~~
 - a. Application,
 - b. Driving record, ~~and~~
 - c. Letters of recommendation: and
 3. ~~Training records include:~~
 - a d. Examination test scores; and
 - b. A copy of the certification card issued by the Department, and
- e 2. All The Department shall maintain the documents required by subsection (C) for 24 months or (F) of this Section.
- H. ~~Refusal to issue or Denial, cancellation, or suspension~~ of certificate of classroom or behind-the-wheel instructor
1. ~~The Based on an assessment of the totality of the circumstances, the Department shall refuse to issue may deny~~ a certificate to an applicant or ~~shall may cancel or suspend~~ a certificate of a behind-the-wheel instructor for:
 - a. Failing to meet or comply with the requirements of this Article;
 - b. Being convicted of ~~any or subject to an outstanding warrant for a felony; or~~
 - c. ~~of a~~ Being convicted of or subject to an outstanding warrant for a misdemeanor relating reasonably related to the occupation of a school bus driver, including:
 - i. Civil traffic violation (A.R.S. § 28-1591 et seq.);
 - ii. Driving under the influence (A.R.S. § 28-1381 et seq.);
 - iii. Any sexual offense (A.R.S. § 13-1401 et seq.);
 - iv. Any abuse of a child (A.R.S. § 13-3623); or
 - v. Use, sale, or possession of a controlled substance (A.R.S. § 13-3401 et seq.);
 - e d. Providing false, incomplete, or misleading information to the Department;

- d e. Pursuant to ~~Under~~ A.R.S. § ~~28-692~~ 28-1381, driving a school bus while under the influence of intoxicating liquor or drugs; or
- e f. Pursuant to ~~Under~~ A.R.S. §§ ~~28-441~~ 28-3301 through ~~28-455~~ 28-3320, having a commercial driver's license canceled, suspended, revoked, or denied.
2. The Department shall ~~refuse to issue~~ deny a certificate to an applicant or shall ~~cancel or suspend~~ a certificate of a classroom instructor for:
- Failing to meet or comply with the requirements of this Article; or
 - Providing false, incomplete, or misleading information to the Department.
4. An applicant who ~~has been refused~~ is denied a certificate or an instructor whose certificate ~~has been~~ is canceled or ~~suspended~~ may request a hearing within ~~15 calendar~~ 30 days from the date of receipt of the notice of the ~~refusal or denial, cancellation, or suspension~~. The hearing shall be conducted according to the procedures contained in A.R.S. §§ ~~41-1061 through 41-1066~~ Title 41, Chapter 6, Article 10.
5. The Department shall inform an applicant who is denied a certificate or an instructor whose certificate is canceled or suspended of the amount of time that must elapse before the applicant or instructor may reapply for certification. The Department shall include this information in the notice of denial, cancellation, or suspension and the notice of final order, if any, served on the applicant or instructor. In determining the amount of time that must elapse before reapplication, the Department shall consider:
- The seriousness of the offense leading to denial, cancellation, or suspension;
 - The frequency with which the offense occurred; and
 - The amount of time required to correct the offense.
- I. If a classroom or behind-the-wheel instructor is terminated from or leaves employment, the employer shall provide written notice to the Department within 30 days of the termination or leaving. If a classroom or behind-the-wheel instructor transfers employment from 1 employer to a 2nd employer, within 7 days of the transfer the 2nd employer shall provide written notice to the Department of the:
- Name of the classroom or behind-the-wheel instructor.
 - Certification number of the classroom or behind-the-wheel instructor.
 - Name of the transferring employer, and
 - Effective date of the transfer.

R17-9-104. Minimum Standards for School Bus Operation

- A. ~~The~~ A school bus driver shall perform operations checks of a school bus as required by A.A.C. R17-9-108.
- B. Loading or unloading of passengers:
- As of the ~~effective date of these rules~~ February 16, 1996, an 8-lamp system as described in A.A.C. R17-9-107(~~4~~ 15) shall be installed on a school bus before it is introduced into Arizona. When preparing to stop ~~the~~ a school bus on a street or highway, the school bus driver shall activate the alternately flashing amber lamps of an 8-lamp system or the alternately flashing red lamps of a 4-lamp system for a minimum distance-of 100 feet, in accordance with A.R.S. § 28-930(B). Whenever the school bus is stopped on a street or highway to load or unload passengers, the school bus driver shall deactivate the alternately flashing amber lamps and activate the alternately flashing red lamps of an 8-lamp system, and extend the stop arm and open the service door.
 - When a school bus driver stops the school bus to load or unload passengers, the school bus driver shall set the parking brake and place the transmission in neutral.
 - The distance between stops for the purpose of loading or unloading passengers shall be no less than 600 feet, unless the school determines that more frequent stops are necessary for safety. The school bus driver shall be stopped stop the school bus as near the right edge of the traveled portion of the street or highway as possible.
 - A school bus driver shall not ~~stop on a street or highway in a position from which load or unload passengers are loaded or unloaded~~ on the traffic side of the bus.
 - When a school bus driver loads or unloads passengers who must cross a street or highway at a location other than an intersection, the passengers shall cross at least 10 feet in front of the front bumper of the school bus. The school bus driver shall not permit passengers who must cross a street or highway to be unloaded from the school bus until all traffic to the front and rear of the school bus ~~has~~ is stopped. The school bus driver shall not move the school bus until all passengers have crossed the street or highway.
 - In intersections that use lighted traffic control signals, a school bus driver shall load or unload passengers ~~shall be loaded or unloaded~~ no closer than 100 feet of the traffic control signal so the passengers may cross with the traffic control signal, either before or after the school bus proceeds.
 - In intersections without lighted traffic control signals, a school bus driver shall load or unload passengers ~~shall be loaded or unloaded~~ no closer than 50 feet of the intersection so the passengers may cross at the intersection, either before or after the school bus proceeds.
 - A school bus driver shall not stop a school bus on an interstate highway for the purpose of loading or unloading passengers, except that:

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- a. ~~School A school bus stops stop~~ may be established on a frontage ~~roads-road~~ that ~~parallel~~ parallels an interstate ~~highways highway~~ if no passenger is allowed to cross a divided highway.
 - b. A school bus may stop in a safety rest areas area as defined by A.R.S. § ~~28-2104~~ 28-7901(8) that ~~are~~ is part of or adjacent to an interstate highway.
9. A school bus driver shall load or unload passengers on school grounds only in an area designated by the school and marked with a sign as a school bus loading area.
 10. During ~~the time of~~ loading or unloading of passengers at a designated school bus loading area at a school, the school shall restrict the loading area is restricted to school buses, passengers, and school employees assisting in the loading or unloading of passengers.
 11. A school shall allow passengers in a designated school bus loading area only when the passengers are being loaded on or unloaded from ~~the a~~ school bus.
 12. A school shall designate all school bus loading areas at locations that prevent backing of the school bus.
 13. In areas at a school not designated as a school bus loading area, a school bus driver shall not back upon or adjacent to the school grounds unless an individual authorized by the school bus driver directs the backing procedure while standing at the rear of the school bus in a position visible to the school bus driver. This provision does not apply to a school bus garage or school bus storage area where passengers are not allowed.
 14. Immediately before a school bus driver engages in backing ~~the a~~ school bus, the school bus driver shall sound the horn to warn motorists and pedestrians of the backing procedure. This provision does not apply if the school bus is equipped with an alarm that operates automatically when the school bus is backing.
 15. In addition to the requirements for railroad grade crossings contained in A.R.S. § 28-853, ~~the a school bus driver shall comply with the following apply:~~
 - a. ~~Hazard Use hazard~~ warning lights as described in A.R.S. § 28-947 (D) ~~shall be used~~ within a minimum of 100 feet of all railroad grade crossings to warn motorists of an intended stop.
 - b. Shut off any radio, compact-disc player, and other source of sound within 50 feet of a railroad grade crossing.
 - ~~b c. All Stop the school buses bus,~~ with or without passengers aboard, ~~shall stop~~ at railroad grade crossings when traffic at the railroad grade crossing is not directed by a police officer ~~or traffic control signal.~~
 - ~~e d.~~ While stopped at a railroad grade crossing at which traffic is not directed by a police officer ~~or traffic control signal,~~ the school bus driver shall completely open the service door and the window to the left of the driver and, by hearing and sight, determine that it is safe to cross. Before proceeding, ~~the school bus driver shall~~ close the service door.
 - ~~d e.~~ A school bus driver shall Do not stop to load or unload passengers within 200 feet of a railroad grade crossing. This provision ~~shall~~ does not prohibit stops at a railroad station or on a highway that parallels the railroad tracks.
- C. An employer shall not allow or require a school bus driver to drive a school bus nor shall a school bus driver drive a school bus:
1. For more than 10 hours after having been off-duty for a minimum of 8 consecutive hours;
 2. For any period after having been on-duty for 15 hours after having been off-duty for a minimum of 8 consecutive hours;
 3. After having been on-duty 60 hours in any 7 consecutive days if the employer does not operate school buses for 7 consecutive days; or
 4. After having been on-duty 70 hours in any 8 consecutive days if the employer operates school buses every day of the week.
- D. Other requirements:
1. A school bus driver shall wear a seat belt whenever the school bus is in motion.
 2. While operating a school bus, a school bus driver shall wear closed-toe, closed-heel shoes that will not interfere with driving the school bus safely or with performing other duties of the school bus driver.
 3. A school bus driver shall comply with all state traffic laws while operating a school bus except that the school bus driver shall not exceed 65 miles per hour or the posted speed limit, whichever is less, when operating the school bus on an interstate highway.
 24. Passengers shall comply with all instructions given to them by a school bus driver. A passenger or a non-passenger who ~~has boarded boards~~ the school bus and refuses to comply with the school bus driver's instructions may be surrendered into the custody of a person who is authorized by the school to assume responsibility for the passenger or non-passenger.
 35. All passengers shall sit with their backs against the seat backs, their legs facing towards the front of the school bus, and all parts of their bodies clear of all aisles whenever the school bus is in motion.
 46. A school bus driver shall not transport in a school bus more passengers than the rated capacity stated by the school bus manufacturer.
 57. A school bus driver shall close the service doors of a school bus before operating the school bus. The service doors shall remain closed whenever the school bus is in motion.

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- ~~68.~~ A school bus driver shall not place the transmission in neutral or coast with the clutch disengaged on a downhill grade.
79. The driver of a school bus equipped with a 2-speed axle shall not shift the axle while descending any hill posted with grade warning signs.
- ~~810.~~ A school bus driver shall ensure that a school bus is not be fueled in a closed building, while the school bus engine is running; or while passengers are on board.
- ~~911.~~ A school bus driver or passenger shall not use tobacco in any form on a school bus.
- ~~1012.~~ A school bus driver shall not carry on a school bus or consume any beverage containing any alcohol while on-duty with the employer or within 8 hours before going on-duty with the employer.
13. A school bus driver shall not eat or drink on a school bus unless the school bus is completely stopped.
- ~~1114.~~ A school bus driver shall not at any time carry on a school bus or use a controlled substance.
- ~~1215.~~ A passenger shall not carry on a school bus, or consume while being transported in a school bus, any controlled substance or any beverage containing any alcohol.
16. A school bus driver shall not assume responsibility for transporting any medication, whether prescription or over-the-counter, that belongs to a passenger.
- ~~1317.~~ A school bus driver shall not transport animals, insects, or reptiles in a school bus with the exception of service dogs, as defined at A.R.S. § 11-1024(G)(3), which assist disabled passengers ~~with disabilities~~.
- ~~1418.~~ Except for eyeglasses, a passenger or school bus driver shall not carry or transport glass objects on a school bus.
- ~~1519.~~ A school bus driver or passenger shall not carry on or transport in a school bus an explosive device, gun, ~~or~~ knife, or other weapon as defined by school-district policy.
- ~~1620.~~ A passenger shall not place any part of the passenger's body out of a school bus window or door except when exiting the school bus.
- ~~1721.~~ When instruments or equipment related to musical or athletic events are transported on a school bus, the school bus driver shall transport them as follows:
- a. Instruments or equipment shall not occupy seating space if needed for a passenger,
 - b. Instruments or equipment shall not be placed in the school bus driver's compartment or step-well of the school bus,
 - c. Instruments or equipment shall be under the passenger's control at all times or secured in the school bus, and
 - d. Instruments or equipment shall not block an aisle or emergency exit of ~~a~~ the school bus at any time.
- ~~1822.~~ A passenger who carries onto a school bus an object other than an instrument or equipment related to musical or athletic events shall control the object at all times or secure the object in the school bus. If the passenger is not able to control or secure the object in the school bus, the passenger shall not carry the object onto the school bus.
- ~~2223.~~ A school bus driver shall ~~secure~~ ensure that all objects inside the school bus ~~driver's compartment and service entrance~~ are under a passenger's control or secured in a manner that prevents the objects from causing physical injury to others or affecting the safe operation of the school bus.
- ~~2024.~~ A school bus driver shall not drive a school bus with a trailer or other vehicle attached to the school bus.
- ~~2125.~~ A school bus driver shall stop the school bus and check the wheels and tires for wear, damage, and inflation after every 2 continuous hours of driving.
- ~~2226.~~ All school buses shall have and school bus drivers shall use a 2-way voice communication system.
- ~~2327.~~ A school bus driver shall not wear an audio headset ~~or~~ earphones, or ear plugs, or use a cellular telephone ~~whenever~~ when the school bus is in motion
- ~~2428.~~ ~~When~~ Except when complying with R17-9-108(D), if a school bus driver leaves the driver's compartment, the school bus driver shall set the parking-brake system, place a standard transmission in either first or reverse gear, place an automatic transmission in park or neutral, and turn off the ignition and remove the ignition key from an ignition that uses a key, or set the ignition power-deactivation switch of an ignition that does not use a key.
- ~~2529.~~ ~~At the conclusion of each route, a~~ Each time a school bus driver unloads passengers and it appears that no passengers remain on the school bus, the school bus driver shall inspect the interior of the school bus for passengers remaining and objects left on the school bus.
- ~~2630.~~ At least ~~once every 6 months~~ twice during every school year, a school shall conduct an evacuation drill of a school bus at the school that includes every passenger who rides a school bus and is in school on the day of the evacuation drill. At least 14 days before an evacuation drill, a school shall submit to the Department a written notice stating the date, time, and location of the evacuation drill. Each school bus driver shall ~~conduct or~~ participate in a minimum of ~~1~~ 2 evacuation ~~drill~~ drills during every 6 months school year. Evacuation drills shall include:
- a. Practice and instruction in the location, use, and operation of the emergency exits, fire extinguishers, first aid equipment, windows as a means of escape, and communication systems;
 - b. Practice and instruction in when and how to approach, load, unload, and move away from the school bus a minimum of 100 feet;
 - c. Instructions on how weather-related hazards affect emergency procedures; and
 - d. Instructions on the importance of orderly conduct.

~~27~~31. A white, flashing, strobe lamp as described in A.A.C. R17-9-107(~~43~~ 15)(f) may be used only during conditions that produce low visibility or that are hazardous.

32. An owner shall ensure that no lock, except as provided in R17-9-107(8)(h), is installed on any school bus emergency exit or service door.

33. All school bus drivers and passengers shall immediately report to the employer any violation of these rules or state statutes that threatens the safety of a passenger.

E. Reports and record keeping:

1. Immediately following any accident involving a school bus, ~~a~~ the school bus driver shall report the accident to the employer.

2. Immediately upon receiving notification of any accident involving a school bus, the employer shall notify the Department of the accident by telephone. The employer shall submit written verification of the accident to the Department within 72 hours of the telephone notification.

3. Immediately upon becoming aware of a violation of these rules or state statutes that causes injury to a passenger, the employer shall notify the Department of the violation by telephone. The employer shall submit a written report of the violation to the Department within 72 hours of the telephone notification.

~~34. Within~~ No later than 14 days ~~of~~ after an evacuation drill, a school district shall submit to the Department a written report of the evacuation drill identifying the school district, participating school, date, and number of participants.

~~45.~~ From the date on which a record is created, the employer shall maintain for 3 years the following written records for each school bus driver:

a. On a daily basis, the period of time each school bus driver is on-duty for the employer including the date, each start and quit time, and the total number of hours on-duty for the employer.

b. On a daily basis, the total number of hours on-duty for an entity other than the employer during the previous 7 days.

6. A school bus driver who performs any compensated work for an entity other than the employer shall provide the employer, in writing, the name and telephone number of the entity and the number of hours the school bus driver works each day for the entity.

~~57.~~ A school bus driver who receives a citation, whether on-duty or off-duty, shall immediately inform the employer by telephone about the citation and shall submit a copy of the citation to the employer within 5 ~~calendar~~ days.

R17-9-105. Special Needs Standards

A. General requirements:

1. ~~As of the effective date of these rules February 16, 1996, before being introduced into Arizona, a school-buses bus designed used for transporting disabled passengers shall comply with the minimum standards applicable to school buses and the specifications contained in this Section. School-buses designed~~ A school bus used for transporting disabled passengers that were ~~was~~ introduced into Arizona before ~~the effective that~~ that date of these rules shall comply with the minimum standards ~~set forth~~ in these rules, including this Section, or those ~~set forth~~ at A.A.C. R17-4-608.

2. Any school bus that is used for transporting a passenger who uses a wheelchair shall be equipped with a wheelchair lift.

3. ~~The~~ A wheelchair lift shall be located on the side of the bus body opposite the school bus driver. The wheelchair lift shall not be attached to the exterior sides of the school bus and shall be confined within the school bus body when not extended.

4. Any school bus that is used for transporting disabled passengers shall be equipped with a belt cutter that is accessible only to the school bus driver.

B. Special-service entrance:

1. A school bus ~~designed used~~ designed used for transporting disabled passengers shall have a special-service entrance ~~that accommodates of a width and depth to accommodate~~ a wheelchair lift used for the loading or unloading of disabled passengers. The special-service entrance shall have a minimum clear opening of 30 inches to allow for the passage of a wheelchair.

2. The special-service entrance shall be located ~~at any point~~ on the side of the bus opposite the school bus driver and far enough to the rear of the school bus to prevent the special-service entrance door from obstructing the service door when the special-service entrance door is open.

~~3. The special-service entrance shall be of a width and depth to accommodate a wheelchair lift. The wheelchair lift shall have a minimum clear opening of 30 inches to allow for the passage of a wheelchair.~~

~~4~~ 3. A drip molding shall be installed above the special-service entrance to divert water from the special-service entrance.

~~5~~ 4. The frame surrounding the special-service entrance shall ~~be constructed to~~ provide support and strength at least equal to ~~the school bus body standards as set forth in at~~ the conventional service and emergency doors.

C. Special-service entrance doors:

1. A school bus ~~designed used~~ designed used for transporting passengers in wheelchairs shall provide a special-service entrance door not to exceed 45 inches in width.

2. Two doors shall not be used for a special-service entrance on a school bus.

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3. The special-service entrance door shall be constructed to open toward the exterior of the school bus. A Type A school bus is exempt from this provision if its special-service entrance door is provided by the school bus chassis manufacturer.
4. The special-service entrance door shall have a fastening device attached to the school bus body to hold the special-service entrance door in an open position.
5. The special-service entrance door shall be weather-sealed by a rubber cushion affixed to the door or door frame.
6. Door materials, panels, and structural strength of a special-service entrance door shall be equivalent to the standards contained in A.A.C. R17-9-107 for a service door and an emergency door. Color, rub rail extensions, lettering, and all exterior features shall match adjacent sections of the school bus body.
7. The window in the special-service entrance door shall be made of safety glass, mounted in rubber that is equal to the mounting of the other windows, and aligned with the side windows of the school bus.
8. A pressure switch shall be installed in the special-service entrance door frame that will actuate a green flashing lamp located in the school bus driver's compartment when the ignition is in the "on" position to warn the school bus driver when the special-service entrance door is not closed.
9. A pressure switch shall be installed in the special-service entrance door frame so the wheelchair-lift ~~mechanism~~ will not operate when the special-service entrance door is closed.

D. Wheelchair lift:

1. ~~The wheelchair-lift mechanism~~ A wheelchair lift shall be capable of lifting a minimum load of 800 pounds.
2. When the wheelchair-lift platform is raised to the maximum position, it shall be held in position by the wheelchair-lift ~~mechanism~~.
3. Controls shall be provided that enable an individual authorized by the school bus driver to activate the wheelchair lift from either inside or outside the school bus.
4. ~~A~~ The wheelchair lift shall be equipped so it may be manually raised or lowered in the event of a power failure to the wheelchair lift.
5. ~~A~~ The wheelchair lift shall contain a safety device to prevent the wheelchair-lift platform from falling.
6. ~~A~~ The wheelchair lift shall be constructed so it allows the wheelchair-lift platform to rest completely on the ground.
7. All edges of the wheelchair-lift platform shall be designed to restrain the wheelchair and prevent the feet of an individual in the wheelchair ~~lift~~ from becoming caught during the raising or lowering process.
8. A barrier shall be attached along the outer non-loading edges of the wheelchair-lift platform that will prevent the wheelchair from rolling off the wheelchair-lift platform when the wheelchair-lift platform is placed in any position other than completely extended on ground level.
9. A self-adjusting, skid-resistant plate shall be installed on the loading edge of the wheelchair-lift platform to reduce the incline from the wheelchair-lift platform to ground level. This plate shall be used as a restraining barrier on the loading edge of the wheelchair-lift platform. The wheelchair-lift platform shall be skid-resistant.
10. A school bus shall be provided with a battery to be used exclusively ~~for the operation of~~ to operate the wheelchair lift. The electrical-charging system of the school bus shall charge the battery of the wheelchair lift. The wheelchair-lift battery shall not supply power to any other electrical system in the school bus body.
11. A circuit breaker or fuse shall be installed between the battery and the wheelchair-lift motor.
12. The wheelchair-lift ~~mechanism~~ shall be equipped with an adjustable switch that limits the electrical power to the wheelchair-lift motor and a bypass valve to prevent pressure from building in the hydraulic system when the wheelchair-lift platform reaches the maximum up or down position.
13. A ramp may be carried on ~~the~~ a school bus for use during an occurrence that requires ~~an evacuation of a~~ evacuating the school bus. The ramp shall not be stored within the passenger compartment of the school bus.

E. Wheelchair and wheelchair-passenger securement:

1. Each wheelchair in a school bus shall be secured in a forward-facing position. Medical equipment and supplies required to accommodate a disabled passenger shall be secured in a school bus by means of alterations approved by the Department in accordance with A.A.C. R17-9-108(G).
2. Each space designated for a wheelchair in a school bus shall be a minimum of 30 inches in width from the interior school bus wall to the aisle and a minimum of 48 inches in length. A wheelchair shall not be placed in a position that it prevents passage through the special-service entrance.
3. The wheelchair-securement system shall provide a minimum of 4 wheelchair-securement anchorages attached to the school bus floor with a minimum of 2 anchorages located at the rear of the space designated for a wheelchair and a minimum of 2 anchorages located at the front of the space.
4. ~~A~~ The wheelchair-securement system shall provide a minimum of 1 wheelchair-securement device located in each of the rear anchorages and a minimum of 1 wheelchair-securement device located in each of the front anchorages.
5. A wheelchair space shall have a minimum of 1 wheelchair-passenger restraint anchorage attached to the interior wall of the school bus and a minimum of 2 wheelchair-passenger restraint anchorages located at the rear of the space.
6. Each wheelchair space shall have 1 wheelchair-passenger restraint.

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- F. Dome light: A dome light shall be placed in the interior ceiling of the school bus to illuminate the wheelchair lift area. The dome light shall be activated by a pressure switch located in the special-service entrance door or by a manually operated switch located in the interior of the school bus no more than 1 foot from the special-service entrance door. ~~These switches~~ This switch shall be used exclusively for the dome light.
- G. Aisles: All aisles leading to an emergency door ~~used for emergency evacuation from any wheelchair space~~ shall be a minimum of 30 inches in width. The emergency door opening shall be a minimum of 30 inches in width.
- H. Seating arrangements: All fixed seats in a special-needs school bus shall be forward facing.
- I. Emblem: A school bus used for transporting disabled passengers shall display a wheelchair emblem below the upper window on the emergency door or below the ~~center~~ window on the special-service entrance door ~~engine cover of a rear engine school bus; and on the portion of the school bus body that is in front of the centerline~~ and below the windshield on the side of the bus opposite the school bus driver. The emblem shall be made of blue, reflective material and be a minimum of 6 inches ~~in width and height~~ and a maximum of 12 inches in width and height and shall contain a reflective white wheelchair impression with a minimum of 1/8 ~~inch in~~ reflective white border around the outer edges of the emblem.
- J. Types A and B school buses used ~~for transportation of~~ to transport disabled passengers shall comply with the specifications contained in this Section except:
 1. A ramp may be installed in place of a wheelchair lift;
 2. If a ramp is used, it shall be of a strength and rigidity to support a wheelchair, passenger, and individual attending the wheelchair passenger. The ramp shall be equipped with a barrier on each longitudinal side to prevent the wheelchair from leaving the ramp;
 3. The floor of the ramp shall be covered with nonskid material; and
 4. A ramp shall not be carried in the passenger compartment of a school bus.

R17-9-106. Minimum Standards for School Bus Chassis

As of ~~the effective date of these rules~~ February 16, 1996, the chassis of a school bus shall meet the requirements of this Section when the school bus is introduced into Arizona. The chassis of a school bus introduced into Arizona before ~~the effective~~ that date of these rules shall meet the requirements of this Section or those ~~set forth~~ at A.A.C. R17-4-609.

1. Air cleaner: An engine intake air cleaner shall be installed in the school bus that meets engine specifications defined by the school bus manufacturer.
2. Axles: The front and rear axles and suspension assemblies shall have a gross axle weight rating consistent with that stated by the chassis manufacturer on a notice located in the school bus driver's compartment.
3. Back-up alarm: If installed, an alarm that emits a warning sound when the school bus is backing shall conform to the following:
 - a. The alarm-signaling device shall be of electronic, solid state design and shall emit an audible sound of a minimum of 97 dB(A) measured at 4 ~~feet, zero degrees~~ ft., 0° access from the source of the sound.
 - b. The alarm-signaling device shall be wired into the backup light circuits and shall emit sound automatically when the gear shift lever is in "reverse" position.
 - c. The alarm-signaling device shall be attached to the school bus chassis or body behind the rear axle.
4. Brakes:
 - a. A school bus with a manufacturer-designed passenger capacity of 60 or less shall be equipped with a service-brake system that uses compressed air, vacuum assist, or hydraulic assist.
 - b. A school bus with a manufacturer-designed passenger capacity greater than 60 shall be equipped with a service-brake system that uses compressed air.
 - c. In addition to the service-brake system, a school bus shall be equipped with a parking-brake system to keep the school bus from moving when parked.
 - d. The service brakes in a compressed-air system shall be adjusted using the following criteria:

<u>Diameter of Rubber Seal Separating the Air Chamber in Brake Chamber - Type</u>	<u>Outside Diameter of Air Chamber</u>	<u>Maximum Distance for Readjustment of Pushrod Brake Adjustment Limit</u>
6 square inches	4 1/2 inches	1 1/4 inches
9 square inches	5 1/4 inches	1 3/8 inches
12 square inches	5 11/16 inches	1 3/8 inches
16 square inches	6 3/8 inches	1 3/4 inches
20 square inches	6 25/32 inches	1 3/4 inches
24 square inches	7 7/32 inches	1 3/4 inches

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30 square inches	8 3/32 inches	2 inches
36 square inches	9 inches	2 1/4 inches

- e. The service-brake system in a compressed-air system shall contain an emergency-brake system that will activate when the air loss in the service-brake system reaches 20 to 45 pounds per ~~square inch~~ sq. in.
- f. A school bus using a compressed-air, vacuum-assist, or hydraulic-assist service-brake system shall be equipped with a signal located in the school bus driver's compartment that emits a continuous audible or visible warning to the school bus driver when:
 - i. The air pressure available in a compressed-air braking system is ~~60~~ 55 pounds per ~~square inch~~ sq. in. or less;
 - ii. The vacuum available for braking in a vacuum-assist system is 8 inches of mercury or less; or
 - iii. There is a loss of fluid flow from the main hydraulic pump or loss of electric source powering the back-up system in a hydraulic-assist system.
- g. A school bus using a compressed-air or vacuum-assist service-brake system shall be equipped with 1 or 2 illuminated gauges located in the school bus driver's compartment that show the pounds per ~~square inch~~ sq. in. of compressed air or the inches of mercury vacuum available for the operation of the brake.
- h. A vacuum-assist brake system shall have a vacuum storage reservoir used exclusively for the brakes to ensure that the loss in vacuum is not more than 30% when the brake pedal is completely depressed while the engine is not running.
- i. A compressed-air or vacuum-assist brake system with a dry reservoir shall have a ~~one-way~~ 1-way valve that will prevent the loss of compressed air or vacuum between the dry reservoir and the source of vacuum or compressed air.
- j. A brake system with a wet reservoir shall have a valve located at the bottom of the wet reservoir that operates automatically or can be operated remotely or manually to eject the moisture from the reservoir.
- k. Compressed-air, vacuum-assist, or hydraulic-assist brake lines and booster-assist lines shall be installed in a manner that prevents heat, vibration, and chafing damage.
- l. The brake systems of ~~Type~~ Types C and D school buses shall be installed so the chassis components can be visually inspected to detect brake lining wear without removal of any of the chassis components.
- 5. Front bumper: The front bumper shall be positioned at the forward-most part of the school bus and ~~shall~~ extend to the outer edges of the school bus.
- 6. Clutch: The clutch torque capacity shall be equal to or greater than the engine torque output.
- 7. Color: The chassis, including wheels and front bumper, shall be painted black. The hood and fenders shall be painted National School Bus Yellow as ~~set forth~~ described in A.A.C. R17-9-107(~~4~~ 5).
- 8. Cooling system: A school bus shall be equipped with a cooling system that maintains the engine temperature operating range required to prevent damage to the school bus engine.
- 9. Drive shaft: Each section of the drive shaft to the rear driving axle shall be protected by a metal guard around its circumference to reduce the possibility of the drive shaft penetrating through the school bus floor or dropping to the ground.
- 10. Electrical system:
 - a. Battery: The battery shall have a minimum cold-cranking capacity rating equal to the cranking current required by the engine for 30 seconds at 0° F. ~~or -17.8° C.~~ and a minimum reserve capacity rating of 120 minutes at 25 amperes.
 - b. Alternator:
 - i. A Type A school bus shall have an alternator with a minimum charging rate of 90 amperes per hour. If the school bus is equipped with a wheelchair lift, the alternator shall have a minimum charging rate of 100 amperes per hour.
 - ii. A Type B school bus shall have an alternator with a minimum charging rate of 100 amperes per hour.
 - iii. Types C and D school buses shall have an alternator with a minimum charging rate of 120 amperes per hour and a minimum charging rate of 30 amperes at engine idle speed.
 - iv. The alternator on a school bus shall contain a regulator to control the voltage to the battery.
 - c. Wiring:
 - i. All wiring shall conform to the current, recommended practices of the Society of Automotive Engineers Standard J1292, published October, 1981 (and no future amendments or editions), incorporated by reference and on file with the Department and the Office of the Secretary of State.
 - ii. All wiring shall use a standard color or number coding and each chassis shall contain a wiring diagram that details the wiring of the chassis.
 - iii. The chassis shall be equipped with a connection to provide electrical power to the school bus. The connection shall be located on the chassis cowl or on the engine compartment of a school bus designed without a chassis cowl. The connection shall contain terminals for the main 100 ampere body circuit, tail lamps, right-

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- turn signal, left-turn signal, stop lamps, backup lamps, and instrument panel lights. The instrument panel lights shall have a rheostat control.
11. Engine horsepower: The gross vehicle weight rating of ~~the~~ a school bus shall not exceed 185 pounds for each engine horsepower as published by the manufacturer on a notice located on the school bus engine.
 12. Exhaust system:
 - a. The exhaust pipe, muffler, and tailpipe shall be located under the school bus body and ~~shall be~~ attached to the chassis.
 - b. The tailpipe shall be constructed of a corrosion-resistant tubing material at least equal in strength and durability to 16-gauge steel tubing.
 - c. The exhaust system on a gasoline-powered chassis shall be insulated from the fuel tank and fuel tank connections by a shield at any point where the exhaust system is 12 inches or less from the fuel tank or fuel tank connections.
 13. Frame:
 - a. ~~The A~~ school bus frame shall be of a design and strength capable of supporting the gross vehicle weight of the school bus.
 - b. A school bus frame shall not be altered for any purpose.
 - c. Holes in top or bottom flanges of frame rails are not permitted except as provided by the manufacturer. There shall be no welding to the frame rails except by the chassis or body manufacturer or the manufacturer's certified agent.
 14. Front fenders of a Type C ~~buses~~ school bus: The outer edges of the front fenders shall be wider than the outer edges of the front tires when the front wheels are in the straight-ahead position.
 15. Fuel system:
 - a. A school bus shall contain a fuel tank with a minimum 30-gallon capacity, with a minimum dispersion of 25 gallons of fuel to the engine. The fuel tank shall be vented to the outside of the school bus body so fuel spillage will not contact any part of the exhaust system.
 - b. ~~No~~ On a Type B, Type C, or Type D school bus, no portion of the fuel system that is located outside of the engine compartment, except the filler tube, shall extend above the top of the chassis frame.
 - c. A fuel filter with replaceable element shall be installed between the fuel tank and engine.
 - d. The fuel line that supplies fuel to the engine shall be located at the top of the fuel tank.
 16. Horn: A school bus shall be equipped with at least 1 horn capable of producing a sound level between 82 and 102 dB(A) when tested according to the Society of Automotive Engineers Standard J377, published ~~February 1987~~ May 1998 (and no future amendments or editions) by the Society of Automotive Engineers, Inc., 400 Commonwealth Drive, Warrendale, PA 15096-0001, incorporated by reference and on file with the Department and the Office of the Secretary of State.
 17. Instruments and instrument panel:
 - a. The chassis shall be equipped with the following instruments:
 - i. Speedometer,
 - ii. Odometer that will give accrued mileage including tenths of miles,
 - iii. Voltmeter or ammeter,
 - iv. Oil pressure gauge,
 - v. Water temperature gauge,
 - vi. Fuel gauge,
 - vii. Upper beam head lamp indicator,
 - viii. Brake system signal as required by A.A.C. R17-9-106(4)(f),
 - ix. Turn signal indicator, and
 - x. Air pressure or hydraulic gauge.
 - b. The instruments shall be mounted on the instrument panel in the school bus driver's compartment and ~~shall be~~ visible to the school bus driver while seated in the driver's seat.
 - c. The instrument panel shall be equipped with a rheostat switch that controls the illumination to the instrument panel and the gear shift selector indicator.
 18. Oil filter: A replaceable element or cartridge-type oil filter shall be provided with a minimum capacity that meets or exceeds the capacity recommended by the manufacturer of the school bus engine.
 19. Openings: All openings in the floorboard and in the fire wall between the chassis and passenger compartment shall be sealed.
 20. Splash guards:
 - a. A school bus shall be equipped with rear fender splash guards ~~that shall be~~ constructed of flexible rubberized material.
 - b. The splash guards shall be wide enough to cover the tire tread width, ~~and shall be~~ installed close enough to the tire tread surface ~~as to control side-throw of road surface material, and shall~~ extend to within 8 inches of ground level.

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21. Steering system:

- a. Power steering is required on all school buses manufactured after January 1, 1984.
- b. Bracing extending from the center of the steering wheel to the steering wheel ring shall not be cracked or missing.
- c. The distance of movement of the steering wheel between 2 points of resistance shall not be greater than the following when measured with the engine running:

<u>Steering wheel diameter</u>	Manual <u>Power steering</u>	Power <u>Manual steering</u>
16 in. or less	2 <u>6 3/4 inches</u>	4 1/2 in.
18 in.	2 1/4 <u>7 1/8 inches</u>	4 3/4 in.
20 in.	2 1/2 <u>7 7/8 inches</u>	5 1/4 in.
22 in.	2 3/4 <u>8 5/8 inches</u>	5 3/4 in.

- d. There shall be clearance of at least 2 inches between the steering wheel and any object in the driver's compartment.
- e. A non-adjustable steering column shall be fastened in a fixed position. An adjustable steering column shall be equipped with a locking mechanism.
- f. The steering gear housing shall not have loose or missing mounting bolts, ~~or~~ There shall not be cracks in the gear housing or ~~its~~ mounting brackets.
- g. The connecting arm on the steering gear power source shall not be loose.
- h. The steering wheel shall turn freely in both directions.
- i. The steering system shall ~~be provided with~~ have a means for lubrication of all wear-points.

22. Suspension:

- a. Shock absorbers:
 - i. ~~The A school~~ bus shall be equipped with front and rear double-acting shock absorbers. Replacements to shock absorbers shall be made according to the specifications of the manufacturer's part number as stamped on the shock absorber.
 - ii. If a school bus is manufactured with tandem rear axles, rear-shock absorbers are not required.
- b. Suspension springs:
 - i. Rear springs, if used, shall be of progressive type ~~which that~~ adapt to variable weights.
 - ii. Axles shall be mounted to suspension springs with U-bolts.

23. Tires and wheels:

- a. Tires and wheels shall have an accumulated load rating at least equal to the gross vehicle weight rating.
- b. Dual rear tires shall be provided on all school buses that have a gross vehicle weight rating of more than 10,000 pounds.
- c. Each tire on a particular axle shall be ~~of~~ the same size.
- d. All tires on a school bus shall be bias or all tires on a school bus shall be radial and shall not differ more than 1 size between front and rear axles.
- e. On a Type C or D school bus, a spare tire, if present, shall be in a carrier mounted outside the passenger compartment.

24. Transmission: The school bus transmission shall ~~provide for not less~~ have no fewer than 3 forward and 1 reverse speeds.

25. Turning radius:

- a. A chassis with a ~~wheel base~~ wheelbase of 264 inches or less shall have a right and left turning radius of not more than 42 1/2 feet, as measured to the edge of the front tire at the outside of a circle as the school bus moves within the circle.
- b. A chassis with a wheelbase of more than 264 inches shall have a right and left turning radius of not more than 44 1/2 feet, as measured to the edge of the front tire at the outside of a circle as the school bus moves within the circle.

26. Weight:

- a. The gross vehicle weight of ~~the a~~ school bus shall not exceed the chassis manufacturer's gross vehicle weight rating for the chassis as recorded on a notice located in the school bus driver's compartment.
- b. ~~The To calculate the~~ gross vehicle weight ~~is the sum of a school bus,~~ add the chassis weight, the school bus body weight, the school bus driver's weight, and the total seated passenger weight.
 - i. For the purpose of calculation, the school bus driver's weight is 150 pounds.
 - ii. For the purpose of calculation, the passenger weight is 120 pounds per seated passenger.

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- c. The weight distribution of a school bus on a level surface that is fully loaded according to the gross vehicle weight rating shall not exceed the front axle gross weight rating or rear axle gross weight rating as recorded on a notice located in the school bus driver's compartment.

R17-9-107. Minimum Standards for School Bus Body

As of the effective date of these rules February 16, 1996, the body of a school bus shall meet the requirements of this Section when the school bus is introduced into Arizona. The body of a school bus introduced into Arizona before the effective that date of these rules shall meet the requirements of this Section or those ~~set forth~~ at A.A.C. R17-4-610.

- 1. Aisle:
 - a. The center aisle of a school bus shall have a clearance of not less than 12 inches at the bottom of the seat cushion, increasing to 15 inches at the top of the seat backs.
 - b. Aisles to side emergency doors shall have a minimum clearance of 12 inches which may be achieved by using flip-up type seats.
- 2. Auxiliary fans ~~fan~~:
 - a. ~~Auxiliary fans~~ An auxiliary fan, if installed, shall be placed in ~~locations~~ a location that ~~do~~ does not obstruct the school bus driver's view of any mirror located on the school bus.
 - b. ~~Auxiliary fans~~ An auxiliary fan, if installed, shall be a maximum of 6 inches in diameter with the fan blades covered by a protective cage.
 - c. Each installed auxiliary fan shall be controlled by a switch that is independent of any other electrical system.
- 3. Battery:
 - a. ~~Batteries~~ A battery shall be secured to a slide-out or swing-out tray in a vented compartment in the school bus body, so the battery is accessible to the outside for servicing. ~~The battery-~~ If the battery compartment has a door that is not removable, the door shall be secured by a fastening device when the door is in an open or closed position. If the battery compartment has a removable cover, the cover shall be secured by a fastening device when the cover is in place.
 - b. ~~The battery compartment~~ The word "Battery" shall be ~~identified by~~ printed in unshaded black letters that are no less than 1 ~~inch in~~, and no more than 2 inches in height ~~located on the battery-compartment door or cover~~ or immediately above the battery-compartment door or cover.
 - c. Buses with a battery located under the engine hood are exempt from these provisions.
- 4. Belt cutter: A school bus with passenger seat belts shall be equipped with a belt cutter that is accessible only to the school bus driver.
- 4 5. Color:
 - a. ~~The~~ A school bus body shall be painted National School Bus Yellow according to the following specifications and tolerances:

Description	Reflectance		Chromaticity	
	Y	X	Y	
Centroid	41.5%	.5139	.4434	
V+ Light Limit	42.9%	.5139	.4427	
V- Dark Limit	39.8%	.5133	.4422	
H+ Green Limit	41.6%	.5123	.4368	
H- Red Limit	41.7%	.5168	.4489	
C+ Vivid Limit	41.5%	.5188	.4457	
C- Weak Limit	41.5%	.5095	.4405	

- b. The bumpers, lamp hoods, lettering, and rub rails on ~~the~~ a school bus body shall be painted black.
- 5 6. Defrosters:
 - a. Defrosting and defogging equipment shall direct a flow of heated air onto the windshield, the window to the left of the driver, and the glass in the viewing area directly to the right of the driver to eliminate frost, fog, and snow.
 - b. The defrosting system shall conform to the Society of Automotive Engineers Standards J381, ~~published June 1984~~ April 1994 (and no future amendments or editions), and J382, ~~published October 1984~~ June 1994 (and no future amendments or editions), both published by the Society of Automotive Engineers, 400 Commonwealth Drive, Warrendale, PA 15096-0001 and incorporated by reference and on file with the Department and the Office of the Secretary of State.
 - c. ~~Auxiliary fans~~ An auxiliary fan shall not be used in place of a defrosting and defogging system.
 - d. ~~Portable heaters~~ A portable heater shall not be used in place of a defrosting or defogging system.
- 6 7. Electrical wiring:
 - a. All electrical wiring on a school bus shall conform to the standards contained in the Society of Automotive Engineers Standard J1292, ~~published~~ October 1981 (and no future amendments or editions), published by by the

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Society of Automotive Engineers, 400 Commonwealth Drive, Warrendale, PA 15096-0001 and incorporated by reference and on file with the Department and the Office of the Secretary of State.

- b. Electrical wiring that is coded by color shall be coded as follows:
 - i. Left Rear Directional Light Yellow
 - ii. Right Rear Directional Light Dark Green
 - iii. Stoplights Red
 - iv. Back-up Lights Blue
 - v. Taillights Brown
 - vi. Ground White
 - vii. Ignition Feed, Primary Feed Black
- c. Circuits: Electrical wiring circuits shall be protected by a fuse or circuit breaker and shall be coded by number or color on an electrical wiring diagram located in the driver's compartment or the electrical access panel door. There shall be at least 7 circuits as follows:
 - i. Head, tail, stop, and instrument panel lamps;
 - ii. Clearance and step-well lamps;
 - iii. Dome lamps;
 - iv. Ignition and emergency door signal;
 - v. Turn signal lamps;
 - vi. Alternately flashing signal lamps; and
 - vii. Heaters and defrosters.
- d. All electrical wires passing through metal openings shall be protected by a non-metal grommet.
- e. Electrical wires not enclosed within the school bus body shall be fastened at intervals of not more than 18 inches.
- 7.8. Emergency exits: A door, push-out window, or roof hatch used as an emergency exit shall conform to the following:
 - a. On the inside and outside of a school bus, the words "EMERGENCY EXIT" shall be printed in black, unshaded letters at least 2 inches high above an emergency door or push-out window and at least 1 ~~inch~~ in. high on ~~the~~ a roof hatch.
 - b. Each emergency exit shall open toward the exterior of the school bus and shall be labeled within 6 inches of the interior release mechanism with black lettering at least 3/8 of an ~~inch~~ in. high instructing how the exit is to be opened.
 - c. On a Type A school bus with double rear doors used as emergency exits, the rear doors shall be secured with upper, center, and lower latches to the door frame.
 - d. The upper portion of each door used as an emergency exit shall be equipped with a window made of safety glass with an area not less than 400 ~~square sq.~~ sq. inches. A door located in the rear end of the school bus used as an emergency exit shall also contain a lower window panel of safety glass of not less than 350 square inches. A Type A school bus that contains double rear doors used as emergency exits is exempt from this provision.
 - e. There shall be no steps on the outside of the school bus leading to an emergency exit.
 - f. A header pad filled with a material to protect against injury shall be attached to the top edge of the frame of ~~the~~ a door used as an emergency exit. The header pad shall be a minimum of 3 inches wide and 1 ~~inch~~ in. thick and extend the full width of the door opening.
 - g. Each emergency exit shall be equipped with a latch that opens from the inside of the school bus and is connected to an electrical buzzer audible in the driver's compartment that actuates when the latch is being released.
 - h. If a lock is installed on an emergency exit, the lock shall be secured only by using a key and shall deactivate the ignition system of the school bus when locked.
- 8.9. Emergency equipment:
 - a. All emergency equipment shall be mounted in the driver's compartment or adjacent to either side of the service entrance and shall be readily accessible. If the emergency equipment is mounted within a closed compartment, the compartment shall be clearly labeled as containing the emergency equipment.
 - b. Fire extinguisher:
 - i. A school bus shall be equipped with a minimum of 1 pressurized, dry, chemical fire extinguisher of a type rated not less than 2A-10-BC by the Underwriter's Laboratories, Inc., as described by the National Fire Protection Association, Inc., One Batterymarch Park, Quincy, MA 02269, Publication 10 in NFPA 10: Standard for Portable Fire Extinguishers, published in 1990 ~~1998~~ (and no future amendments or editions), incorporated by reference and on file with the Department and the Office of the Secretary of State.
 - ii. A pressure gauge shall be mounted on the fire extinguisher to be readable in its mounted position.
 - iii. The operating mechanism of the fire extinguisher shall be sealed with a type of seal that will not interfere with the use of the fire extinguisher.
 - e. ~~First aid kit: A school bus shall be equipped with a removable first aid kit that has a weatherproofing seal around the lid to prevent moisture or dust from entering the first aid kit, is clearly labeled as a first aid kit, and contains the following:~~

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- i. ~~2~~—1"x 2 1/2 yards adhesive tape rolls;
 - ii. ~~24~~—Sterile gauze pads 3" x 3";
 - iii. ~~8~~—2" bandage compresses;
 - iv. ~~10~~—3" bandage compresses;
 - v. ~~2~~—2" x 6' sterile gauze roller bandages;
 - vi. ~~4~~—Sterile triangular bandages approximately 40" x 36" x 54" with 2 safety pins;
 - vii. ~~3~~—Sterile gauze pads 36" x 36";
 - viii. ~~3~~—Sterile eye pads;
 - ix. ~~1~~—Rounded-end scissors;
 - x. ~~1~~—Pair latex gloves; and
 - xi. ~~1~~—Mouth-to-mouth airway.
- d. ~~Body fluid clean-up kit: A school bus shall be equipped with a removable body fluid clean-up kit that is sealed, clearly labeled as a body fluid clean-up kit, and contains the following:~~
- i. ~~1~~—Pouch of solidifier with chlorine;
 - ii. ~~1~~—Pick-up scoop with scraper;
 - iii. ~~1~~—Pair of latex gloves;
 - iv. ~~2~~—Disinfectant hand wipes (antimicrobial);
 - v. ~~2~~—Plastic disposal bags with ties (biohazard);
 - vi. ~~2~~—Germicidal towlelettes effective against human immunodeficiency virus and tuberculosis;
 - vii. ~~2~~—Paper crepe towels; and
 - viii. ~~1~~—Easy to follow instructions.
- e c. Warning devices: A school bus shall have a minimum of 3 reflective triangle road-warning devices that comply with the standards set forth at 49 CFR 571.125, published in October 1994 1999 (and no future amendments or editions), U.S. Government Printing Office, Superintendent of Documents, Mail Stop: SSOP, Washington, D.C. 20402-9328, incorporated by reference and on file with the Department and the Office of the Secretary of State.
- 9 10. Floor:
- a. The floor beneath the seats, including the tops of the wheel housings and the floor in the driver's compartment, shall be covered with fire-resistant ~~rubber floor-covering material~~ having a minimum overall thickness of ~~.125~~ .10 inches.
 - b. The aisle floor shall be covered with a fire-resistant ribbed ~~rubber or non-skid floor-covering material~~ with a minimum thickness of ~~.187~~ .10 inches ~~measured from the tops of the ribs~~.
 - c. The ~~rubber floor-covering material~~ shall be bonded to the floor with ~~an a~~ a waterproof adhesive and shall not crack when subjected to changes in air temperature. ~~The adhesive material shall be waterproof.~~
11. Handrail: A handrail at a school bus service entrance shall be secured to the school bus wall in a manner that causes the crevice formed by the distance between the handrail and the wall to pass the inspection procedure described by the National Highway Traffic Safety Administration, Washington, D.C. 20590, in School Bus Safety Assurance Program Recall Listing: January 1991 Through June 1996 (no later amendments or editions), incorporated by reference and on file with the Department and the Office of the Secretary of State.
- ~~10~~ 12. Heating system:
- a. Heaters shall be of the hot-water type.
 - b. A minimum of 1 heater shall be a fresh-air or combination fresh-air and recirculating air type.
 - c. If more than 1 heater is used, additional heaters may be of recirculating air type.
 - d. The heating system shall be capable of maintaining a temperature throughout the bus of not less than 40° F. ~~or 5° C.~~
 - e. Each heater shall bear a name plate that shows the heater rating in accordance with School Bus Manufacturers Institute Standard No. 001, no publication date (and no future amendments or editions), published by the Truck Body and Equipment Association, Inc., 6530 Wisconsin Avenue, Suite 1220, Washington, D.C. 20015 and incorporated by reference and on file with the Department and the Office of the Secretary of State. The name plate with the heater rating ~~shall constitute~~ constitutes certification that the heater performance is as shown on the plate.
 - f. All heater hoses shall be secured in all areas of the school bus body and chassis to prevent wear due to vibration. Heater lines in the interior of the bus shall be covered by a protective shield to prevent scalding of the driver or passengers.
 - g. Except on Type A school buses, the heater system shall include shutoff valves installed at the engine in the water pressure lines and return lines.
- ~~11~~ 13. Identification:
- a. Only signs, lettering, and objects approved by state law or these rules ~~and necessary for identification of the school bus~~ shall appear on the interior or exterior of a school bus, including all glass areas.

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- b. Each school bus owned by a school or a private company shall display either the name of the school and school number, if any, or the name of the private company on each exterior side of the school bus between the rub rails at the center line and seat cushion levels in black unshaded letters that are 5 inches in height. Additionally, a school bus owned by a private company that displays the name of the school and school number as described above, may display the company's name on each exterior side of the school bus below the floor line in black unshaded letters that are a maximum of 2 inches in height.
 - c. An identification number assigned to a school bus by an employer owner shall be placed on the front and rear bumpers of the school bus and on each exterior side of the school bus below the floor line rub rail and forward of the centerline of the school bus. The identification number on each bumper shall be ~~printed~~ National School Bus Yellow. The identification number on each exterior side shall be ~~printed~~ black. Each identification number shall be a minimum of 5 inches in height.
 - d. In addition to an identification number, a school bus may be identified by an emblem placed on the loading side of the front bumper or the exterior wall of the loading side below the floor line rub rail and forward of the center line of the school bus, or both. The emblem shall be painted or decaled on or attached to a magnetic backing.
- ~~12~~ 14. Interior: If the ceiling is constructed with overlapping panels, the first panel placed in the ceiling shall be overlapped by the following panel and each panel shall consecutively overlap to the rear end of the school bus. Exposed edges in the interior of the school bus shall be beaded, hemmed, flanged, or rounded to eliminate sharp edges.
- ~~13~~ 15. Lamps and signals:
- a. All lamps on the exterior of ~~the a~~ school bus shall conform to the provisions contained in 49 CFR 393.9 *et seq.* of the Federal Motor Carrier Safety Regulations, published October ~~1994~~ 1999, (and no future amendments or editions) by U.S. Government Printing Office, Superintendent of Documents, Mail Stop: SSOP, Washington, D.C. 20402-9328, incorporated by reference and on file with the Department and the Office of the Secretary of State.
 - b. Interior lamps shall be provided that illuminate the center aisle and step well.
 - c. Alternately flashing signal lamps:
 - i. When a school bus is equipped with a 4-lamp system, the system shall consist of 2 red alternately flashing signal lamps located 1 on the left and 1 on the right above the rear windows of the school bus and 2 red alternately flashing signal lamps located 1 on the left and 1 on the right above the windshield.
 - ii. When a school bus is equipped with an 8-lamp system, the 4 red alternately flashing signal lamps shall be installed as described in subsection (~~13~~ 14)(c)(i) and the 4 amber alternately flashing signal lamps shall be installed as follows: 1 amber alternately flashing signal lamp shall be located adjacent to each red alternately flashing signal lamp, at the same level, but closer to the vertical centerline of the school bus. The system of red and amber alternately flashing signal lamps shall be wired so the amber alternately flashing signal lamps are activated manually and the red alternately flashing signal lamps are activated automatically or manually.
 - iii. The area around the lens of each alternately flashing signal lamp, and extending outward for 3 inches, shall be painted black.
 - iv. Each alternately flashing signal lamp shall be covered by a lamp hood.
 - d. Turn signal and stop lamps:
 - i. Except on Type A school buses, a school bus body shall be equipped with rear turn signal lamps that are at least 7 inches in diameter. The lens area of the rear turn signal lamps on Type A school buses shall be at least 21 ~~square sq.~~ square inches. The rear turn signal lamps shall be connected to the hazard warning switch located in the driver's compartment to allow the school bus driver to activate simultaneous flashing of turn signal lamps when needed as a traffic hazard warning. The rear turn signal lamps shall be located to the far left and right sides of the flat surface of the rear of the school bus body and below the rear window.
 - ii. A Type C school bus shall have a double-faced turn signal lamp that is visible from the front and rear of the school bus and mounted on the tops or sides of ~~the both~~ front fenders ~~and may or shall~~ have a turn signal lamp mounted on the left and right sides of the grill and may have a turn signal lamp mounted on each side of the school bus body between the window line and the second rub rail and forward of the vertical centerline.
 - iii. A Type D school bus shall have a turn signal lamp mounted at the front of the school bus body above each head lamp and may have a turn signal lamp mounted on each side of the school bus body between the window line and second rub rails and forward of the vertical centerline of the school bus.
 - iv. A ~~7-inch~~ 7-in. diameter stop lamp shall be located toward the centerline and adjacent to each of the rear turn signal lamps.
 - e. Backup lamps: A school bus shall be equipped with 2 backup lamps with clear lenses, located 1 on the right and 1 on the left rear panels below the rear windows.
 - f. White flashing strobe lamp: If used on a school bus, a strobe lamp shall have a single clear lens that emits light 360 degrees around its vertical axis and shall be located on the longitudinal centerline of the school bus roof 1/3 to 1/2 of the distance forward from the rear of the school bus body unless this placement restricts the view of the strobe lamp.

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- i. If the view of the strobe lamp is restricted when the strobe lamp is located 1/3 to 1/2 of the distance forward from the rear of the school bus body, the strobe lamp may be mounted immediately to the rear of the roof hatch.
- ii. The strobe lamp shall be controlled by a manual switch located in the driver's compartment.
- iii. A pilot lamp shall be located in the driver's compartment to show the school bus driver that the strobe lamp ~~has been~~ is activated.

~~14~~ 16.Mirrors:

- a. Interior mirror: The interior mirror shall be made of either laminated glass or glass bonded to a backing that will retain the glass in the event of breakage. The interior mirror in Types B, C, and D school buses shall be a minimum of 6 inches in height and 30 inches in length surrounded by a frame with rounded corners. The interior mirror in Type A buses shall be a minimum of 6 inches in height and 16 inches in length.
- b. Exterior mirrors: A school bus shall comply with the requirements contained in 49 CFR 571.111, as amended October ~~1994~~ 1999, (and no future amendments or editions), incorporated by reference and on file with the Department and the Office of the Secretary of State.

~~15~~ 17.Overall length: The overall length of a school bus shall not exceed 40 feet excluding mirrors.

~~16~~ 18.Overall width: The overall width of a school bus shall not exceed 102 inches excluding mirrors.

~~17~~ 19.Rear bumper:

- a. The rear bumper shall be made of a minimum of ~~3/16 inch~~ in, thick pressed steel that is a minimum of 8 inches in total height.
- b. The rear bumper shall be wrapped around the back corners of the bus and shall extend toward the front of the school bus for at least 12 inches as measured from the rear-most point of the school bus body at the floor line.
- c. The rear bumper shall be attached to the chassis frame and braced to support the rear corners of the bumper.
- d. The rear bumper shall extend at least ~~1-inch~~ in, beyond the rear-most part of the school bus body as measured at the floor line.
- e. The rear bumper shall not be equipped with footholds or handles.
- f. A Type A school bus equipped with the chassis manufacturer's rear bumper is exempt from subsections (~~17~~ 18)(a) through (~~17~~ 18)(c).

~~18~~ 20.Restraining barrier:

- a. The restraining barrier shall be a minimum of 38 inches high as measured from the interior floor of the school bus to the top of the restraining barrier.
- b. The restraining barrier shall be the same width as the seat directly behind the restraining barrier.

~~19~~ 21.Rub rails:

- a. There shall be no ~~less~~ fewer than 2 rub rails located on ~~the~~ a school bus as follows:
 - i. One rub rail shall be located on each side of the school bus approximately at seat cushion level and shall extend from the rear post of the service door frame completely around the school bus body, excluding the emergency door, to the front post of the school bus driver's window.
 - ii. One rub rail shall be located on each side of the school bus approximately at the floor line and shall extend from the rear post of the service door frame to the rear corner post of the school bus body and from the front post of the school bus driver's window to the rear corner post on the driver's side
- b. Rub rails are not required on emergency doors, special-service entrance door, access panels and compartment doors, and wheel well openings.
- c. Each rub rail shall be attached on the outside of the school bus body at each structural post in the school bus body.
- d. Each rub rail shall be a minimum of 4 inches in width and ~~shall be~~ constructed of corrugated or ribbed 16-gauge steel.

~~20~~ 22.Seat belt for school bus driver: A seat belt for the school bus driver shall be installed in the driver's compartment. The seat belt shall be equipped with a retractor on each side of the school bus driver's seat to keep the seat belt retracted and off the floor when not in use.

~~21~~ 23.Seats:

- a. Each seat shall have a minimum depth of 15 inches measured from the front of the seat cushion to the seat back.
- b. Each seat shall be a minimum of 38 inches in height ~~as~~ measured from the interior floor of the school bus to the top of the back ~~seat~~ cushion.
- c. The distance between seats for the legs of passengers shall be 9" to 14" ~~as~~ measured from the center back at seat cushion level of the first seat to the center front of the seat cushion of the seat immediately behind the first seat.
- d. The school bus driver's seat shall be adjustable, without the use of tools, both vertically and horizontally for a minimum of 4 inches. Seats with vertical adjustments are not required on Types A and B school buses.

~~22~~ 24.Service door:

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- a. The service door shall be located on the right side of the school bus opposite the school bus driver and within direct view of the school bus driver when seated in the school bus driver's seat. Types A and B school buses are exempt from this provision.
 - b. The service door shall have a minimum horizontal opening of 24 inches and a minimum vertical opening of 68 inches. Type A school buses shall have a service door with a minimum opening of 1200 ~~square sq.~~ inches.
 - c. Windows in the upper and lower panels of the service door shall be made of safety glass. The bottom of each lower window panel shall be no more than 10 inches from the top surface of the lower step of the service entrance. The top of each upper window panel shall be no more than 6 inches below the top of the service door. Type A buses are exempt from this provision.
 - d. To protect passengers' fingers, a flexible rubber material shall be attached by number 10 $\frac{3}{4}$ ~~inch in.~~ metal screws to the opening and closing edges of the service door. Type A school buses are exempt from this provision.
 - e. ~~A door shall not be placed on the school bus driver's side of the school bus. Types A and B buses are exempt from this provision.~~
 - e. The service door shall open towards the exterior of the school bus. A Type A school bus is exempt from this provision if the service door is provided by the school bus chassis manufacturer.
 - f. A header pad, filled with a material to protect against injury, shall be attached to the top edge of the frame of the service door. The header pad shall be at least 3 inches wide and 1 ~~inch in.~~ thick and extend the full width of the ~~service door opening entrance.~~
- 23 ~~25.~~ Steps:
- a. The risers of the steps in the ~~service door~~ entrance shall be equal. When plywood is laid over the steel floor of the school bus, the height of the top step may be increased by the thickness of the plywood.
 - b. The first step at the ~~service door~~ entrance shall be no less than 10 inches and no more than 16 inches from the ground.
 - c. Steps shall be enclosed in the school bus body.
 - d. Steps shall not extend beyond the side of the school bus body.
 - e. A ~~grab handle~~ handrail not less than 10 inches in length shall be provided inside the doorway.
 - f. A Type A school bus with the chassis manufacturer's standard service entrance door is exempt from subsections ~~(23 24)~~(a) through (24)(d).
- 24 ~~26.~~ Step treads:
- a. All steps, including the floor-line platform area, shall be covered with $\frac{3}{16}$ ~~inch~~ ribbed rubber or non-skid floor-covering material that is mounted on a metal plate.
 - b. The metal back of the step tread shall be a minimum 24-gauge cold rolled steel and shall be permanently bonded to the ribbed rubber or non-skid material. ~~The ribbed design shall run from the risers toward the service entrance door opening.~~
 - c. ~~The $\frac{3}{16}$ inch ribbed~~ If ribbed material is used, the ribbed design shall run from the risers toward the service entrance. Each step tread shall have a 1 $\frac{1}{2}$ ~~inch in.~~ white nosing.
- 25 ~~27.~~ Stirrup steps: There shall be a handle and at least 1 folding stirrup step or recessed foothold located on each side of the front of ~~the a~~ school bus for accessibility for cleaning the windshield and lamps. Type A school buses are exempt from this provision.
- 26 ~~28.~~ Stop signal arm:
- a. A stop signal arm that extends ~~90 degrees~~ 90° from the school bus body when opened shall be installed on the left side of the school bus body.
 - b. The stop signal arm shall be an 18-~~inch in.~~ octagon, constructed of a red material that reflects light, with the word "STOP" printed on both sides in white letters not less than 5 inches high. Additionally, the word "STOP" may be illuminated by a light-emitting diode system on both sides of the stop signal arm.
- 27 ~~29.~~ Sun shield: An interior adjustable transparent sun shield or visor not less than 6" x 30" with a finished edge shall be installed over the windshield in the driver's compartment. School buses with a gross vehicle weight rating of 10,000 pounds or less are exempt from this provision.
- 28 ~~30.~~ Tailpipe: If a rear exhaust is installed, the tailpipe shall extend to, but not more than 2 inches beyond, the outer edge of the rear bumper. If a side exhaust is installed, the tailpipe shall terminate flush with the outside edge of the school bus body in the rear half of the school bus.
- 29 ~~31.~~ Undercoating:
- a. The entire underside of the school bus body, including floor sections, cross members, and side panels, shall be coated according to the specifications contained in Federal Specification TT-C-520B, ~~published~~ February 2, 1973 (and no future amendments or editions), published by the General Services Administration acting as an agent for the Superintendent of Documents, Washington D.C. 20402 and incorporated by reference and on file with the Department and the Office of the Secretary of State.
 - b. Undercoating is not required on the underside of a fiberglass ~~fenders~~ fender.
- 30 ~~32.~~ Ventilation: An immovable, non-closing exhaust ventilator shall be installed in the school bus roof.

- 34 ~~33~~. Wheel housing:
 - a. The wheel-housing opening shall be large enough to allow for the removal of the tire and wheel.
 - b. The wheel housing shall be constructed of 16-gauge steel or fiberglass of equal strength and sealed to the school bus floor.
 - c. The wheel housing shall not extend more than 12 inches above the floor inside the school bus body and shall not extend into the emergency door opening.
 - d. The wheel housing shall provide clearance for tire chains installed on the tires of the driving wheels.
- 32 ~~34~~. Windows: Each side window in the passenger compartment of ~~the a~~ school bus body shall provide an unobstructed opening of at least 190 ~~square sq~~ inches when the window is open.
- 33 ~~Windshield: The windshield shall have a tinted horizontal gradient band starting above the line of driver's vision and gradually decreasing in light transmission to 20 percent or less at the top of the windshield. Type D school buses are exempt from this provision.~~
- 34 ~~35~~. Windshield washers washer system: A windshield washer system that provides an application of cleaning solution to the windshield shall be installed.
- 35 ~~36~~. Windshield wipers:
 - a. A windshield wiping system with a minimum of 2 speeds shall be provided.
 - b. The windshield wipers shall be operated by 1 or more air or electric motors.

R17-9-108. Inspection, Maintenance, and Alterations

- A. A school bus shall be inspected by the Department before the school bus is introduced into Arizona to transport passengers:
 - 1. After inspecting a school bus, the Department shall place a decal that contains a number used by the Department to identify the school bus above the school bus driver's side window in the driver's compartment. This decal shall not be removed from the school bus while it is operated in Arizona except by the Department. Before the school bus is transferred or retired from service, the school bus owner shall contact the Department to have this decal removed.
 - 2. If the Department finds that no major defect exists ~~or that a minor but no major defect exists on the a~~ school bus, the Department shall place a safety inspection decal, ~~which that~~ contains the month and year of inspection, ~~on the lower corner right side of the centerline of the windshield opposite the school bus driver's side of the school bus or on the window nearest that location on the school bus~~ in a position that does not interfere with the school bus driver's line of vision.
 - 3. If the Department finds a major defect on the school bus, the Department shall place the school bus out of service. Before the school bus may be placed back into service, the Department shall reinspect the school bus to determine that the major defect has been corrected. If the major defect has been corrected, the Department shall place a safety inspection decal on the school bus in accordance with subsection (A)(2).
 - 4. If the Department finds a minor defect on a school bus, the Department shall issue an inspection order, but the school bus may be operated to transport passengers while the minor defect is being corrected. A copy of the inspection order ~~issued by the Department~~ shall be returned to the Department within 15 working days from the date of inspection and shall show that the minor defect has been corrected unless, in accordance with the provisions of subsection (A)(5), ~~the employer has obtained~~ school bus owner obtains an extension of time to correct the minor defect.
 - 5. Upon receipt of a written request from the ~~employer~~ school bus owner, the Department shall grant ~~one~~ 1 or more extensions of time to correct a minor defect if:
 - a. The ~~employer~~ school bus owner submits to the Department written documentation that the:
 - i. ~~Employer's~~ School bus owner's action or inaction did not cause or contribute to the delay in completing the repair;
 - ii. ~~Employer~~ School bus owner has secured a written estimated expedited delivery or completion date from the provider of the materials or services required to complete the repair; and
 - iii. ~~Employer~~ School bus owner made reasonable attempts to secure the materials or services, or materials or services of equivalent quality, at a substantially similar price from alternate sources; and
 - b. The Department determines that an extension of time to correct the minor defect will not increase the probability of an accident involving the school bus or passengers or the risk of injury to the school bus driver or passengers.
 - 6. Each extension of time shall be for 60 ~~calendar~~ days or less. The Department shall determine the length of each extension of time after giving consideration to the information provided pursuant to ~~under~~ subsection (A)(5)(a). When the minor defect ~~has been~~ is corrected, the ~~employer~~ school bus owner shall return to the Department a copy of the inspection order issued by the Department.
 - 7. If a minor defect on a school bus is not corrected within 15 working days or at the end of an extension period, if applicable, the Department shall remove the safety inspection decal and the school bus shall be placed out of service until further inspection by the Department shows that the minor defect ~~has been~~ is corrected.
- B. The Department shall use the following criteria to determine whether a major or minor defect is present on a school bus introduced into Arizona on or after ~~the effective date of these rules~~ February 16, 1996. For a school bus introduced into Arizona before ~~the effective that~~ that date of these rules, the Department shall determine whether the school bus is in an unsafe

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condition by using the following criteria or those set forth at A.A.C. R17-4-612(F)(3). The A defect that causes a school bus introduced into Arizona before the effective date of these rules February 16, 1996 to be in an unsafe condition shall be deemed a major defect as defined in this Article.

INSPECTION ITEM	MAJOR DEFECT	MINOR DEFECT
<u>Alarm, back-up, if installed</u>	<u>Not working</u>	<u>Low volume</u> <u>Not installed properly</u>
Auxiliary fan, if installed	Obstructs school bus driver's view of any mirror Used in place of defrosting or defogging system Not covered by protective cage	Incorrect size Not controlled by independent switch
Battery (Types C and D buses only)	Not mounted according to the manufacturer's instructions	Incorrect or no identification
<u>Belt cutter</u>	<u>Missing</u>	
Body fluid clean-up <u>cleanup</u> kit	Absence of body fluid clean-up <u>cleanup</u> kit Three or more items missing from body fluid clean-up <u>cleanup</u> kit	One or 2 items missing from body fluid clean-up <u>cleanup</u> kit
Brakes, service , compressed air	Inoperative <u>or missing</u> visual or audible low air signal <u>Compressed-air gauge missing</u> Grease or oil leakage into brake system Exposed or damaged ply on any air hose Air capacity less than 90 pounds per square inch at idle speed <u>Wet-reservoir valve missing or inoperative</u> Leaking, cracked, or broken hose or connection Audible air leak <u>Pushrod needs adjustment exceeds limitation</u> <u>Low-air warning system does not activate at 55 psi and remain activated at less than 55 psi</u>	

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Brakes, vacuum-assisted	Vacuum gauge missing Inoperative <u>or missing</u> visual or audible low vacuum signal Vacuum reservoir missing Vacuum system leak Grease or oil leakage into brake system Leaking, cracked, or broken hose or connection	
Brakes, hydraulic-assisted	Inoperative <u>or missing</u> visual or audible signal	
Brakes, emergency-brake system	Does not activate when service brake system reaches 20 to 45 pounds per square inch <u>sq. in.</u>	
Bumpers	Break or rip Loose bumper Foothold or handle present on rear bumper	Not painted black
Cooling system		Leak in system Fluid level in radiator not full
Defroster	Inoperative Ventilation opening blocked	
Drive shaft	Absence of protective metal guard <u>installed by the manufacturer</u> around the drive shaft to the rear <u>any</u> driving axle	
Dust boots	Missing, torn, split, or loose around floor-mounted gear shift, parking brake handle, or steering column.	
Emergency reflectors <u>warning devices</u>	Missing more than 1	Missing 1
Emergency door	Inoperative latch Broken or missing portion of seal around door Window not of safety glass Inoperative warning device No <u>Lock is not the ignition shut-off lock type</u>	No header pad

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Emergency exit	Inoperative warning device or latch <u>Not properly identified</u> <u>Header pad missing or damaged</u> Broken seal around window	
Engine compartment	Inoperative hood latch	Deterioration of hose, belt, or wiring Deterioration of battery hold-down clamp, corrosive acid buildup on terminal
<u>Exhaust system</u>	Tailpipe terminates beneath the passenger compartment Exhaust leak	Exhaust tailpipe extends more than 2 inches beyond the outer edge of the rear bumper or fails to terminate flush with the outside edge of the school bus body in the rear half of the school bus Exhaust pipe bracket not attached to the chassis and the tailpipe End of tailpipe pinched or bent
Exterior paint		Exposed metal or base primer Incorrect color
Fire extinguisher	Absence of fire extinguisher Not at full charge	Not mounted in required position
First-aid kit	Absence of first-aid kit Three or more items missing from first-aid kit	One or 2 items missing from first-aid kit
Frame	Crack in frame <u>Cracked, loose, or missing body mount or body-mount bolt</u> Welded repair not performed by body or chassis manufacturer or manufacturer's certified agent	

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Fuel system	<p>Fuel tank not mounted to the chassis frame or not vented to outside of engine compartment</p> <p>Fuel system extends above chassis frame (does not apply to filler tube <u>or Type A bus</u>)</p> <p>Fuel tank bracket cracked or broken</p> <p>Leaking tank or fuel line</p> <p>Fuel line attached to bottom of fuel tank</p>	
<u>Handrail</u>	<u>Handrail does not pass the inspection procedure described at R17-9-107(11)</u>	
Heating system	<p><u>Heater missing or inoperative</u></p> <p><u>Inadequate heat-producing capacity</u></p> <p>Heater line in interior of school bus not covered by protective shield</p> <p><u>Heater nameplate missing</u></p> <p>No shutoff valve</p>	Unsecured heater hose
<u>Horn</u> (Air or electrical)	<u>Missing or inoperative</u>	
Instrument panel	Missing or inoperative ignition power-deactivation switch if the ignition does not use a key.	Inoperative gauge or switch
Interior, aisles	Incorrect clearance	
Interior, Seats <u>seats</u>	<p>Broken, cracked, or loose seat frame</p> <p>Screw or mounting bolt missing</p>	
Interior, floor covering	<u>Hole</u>	<u>Improper material</u> <u>Improperly bonded</u>
Lamps, clearance	<p><u>Inoperative</u></p> <p><u>Cracked, broken, or missing lens</u></p>	<p>Inoperative</p> <p>Incorrect color</p> <p>Cracked, broken, or missing lens</p> <p>Dust behind lens</p>

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Lamps, head	Low beam inoperative Not mounted as required by 49 CFR 393.24	High beam inoperative Inoperative dimmer switch on a bus not operated when head lamps are required <u>Cracked, broken, or missing lens</u>
Lamps, back-up		Inoperative Incorrect color Cracked, broken, or missing lens Dust behind lens
Lamps, interior Over aisle		Inoperative Missing <u>Cracked, broken, or missing lens</u>
Over step-well	Inoperative	Missing <u>Cracked, broken, or missing lens</u>
Lamps, turn signal	Inoperative	Cracked, broken, or missing lens Dust behind lens Incorrect size Incorrect location
Lamps, strobe, if installed	<u>Pilot lamp missing or inoperative</u>	Inoperative <u>Cracked, broken, or missing lens</u> Incorrect color Incorrect location
Lamps, identification		Inoperative Incorrect color Cracked, broken, or missing lens Dust behind lens
Lamps, hazard	Inoperative	
Lamps, stop	Both inoperative	One inoperative Cracked, broken, or missing lens Dust behind lens
Lamps, tail	Both inoperative	One inoperative Cracked, broken, or missing lens Dust behind lens

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Lamps, side marker		Inoperative Incorrect color Cracked, broken, or missing lens Dust behind lens
Lamps, alternately flashing <u>signal</u>	One or more inoperative lamps	Incorrect color <u>Lamp hood missing</u> Cracked, broken, or missing lens Dust behind lens
Lettering and numbering		Missing any lettering or numbering Incorrect size, color, or location Unauthorized sign, letter, or object
Mirrors, cross-view	Missing Broken or loose mounting Broken or clouded glass	
Mirrors	Interior or exterior mirror missing Loose or broken mounting bracket Crack, break, or flaking of reflective material affixed to back of mirror glass Crack or break of mirror glass Loose or missing mounting bracket bolt or screw	Incorrect size
Miscellaneous	Object not secured inside the school bus Any item noted by the Department that could cause injury or present a danger to a passenger or school bus driver	Any item noted by the Department that needs to be repaired because it could interfere with the safe operation of the school bus but that is not a major defect
Parking brake	Inoperative, missing part, or not in proper adjustment	
<u>Restraining barrier</u>	<u>Missing</u> <u>Incorrect size</u>	
Rub rails	Missing more than 1	Missing 1 Incorrect location Incorrect color Incorrect width

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<p>School bus body</p>	<p>Damage resulting in cut or rip to the exterior of school bus body</p> <p>Hole that would allow exhaust gases or dust to enter the passenger compartment</p> <p>Bolt attaching body to chassis loose, broken, or missing</p> <p><u>Exceeds length or width limitations</u></p>	<p>Absence of undercoating</p> <p>Loose or missing rivet, screw, or bolt</p>
<p>Seat belt</p>	<p>Absence of driver seat belt or inoperative driver seat- belt buckle or retraction system</p>	<p>Frayed seat belt material</p>
<p><u>Seats</u></p>	<p><u>1 or more missing</u></p> <p><u>Incorrect size or location</u></p> <p><u>Driver seat does not meet requirements for adjustment</u></p>	
<p>Service door</p>	<p>Incomplete closing of door assembly</p> <p>Does not contain safeguards to prevent accidental opening</p> <p>Window not made of safety glass</p> <p>Broken or cracked window panel</p> <p>Inoperative door control</p> <p><u>Does not open towards exterior of the school bus</u></p>	<p>Absence of flexible material on outer edge of service door</p> <p>Absence of header pad</p>

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<p>Special needs</p>	<p>Incorrect location or size of special-service entrance</p> <p>Incorrect size of special-service entrance door</p> <p><u>Window not made of safety glass</u></p> <p>Inoperative pressure switch</p> <p>No safety device in wheelchair lift</p> <p>No restraining barrier on wheelchair-lift platform</p> <p>Fails to provide wheelchair-securement <u>device or anchorage</u></p> <p><u>Special-service entrance door does not open towards exterior of school bus (except Type A school bus)</u></p> <p>Fails to provide wheelchair-securement device</p> <p>Dome light missing or inoperative</p> <p><u>Wheelchair lift inoperable</u></p>	<p>Drip molding not installed above the special-service entrance</p> <p>Special-service entrance door not weather-sealed</p> <p>Incorrect color of door material or panel</p> <p>Lacks wheelchair emblem</p> <p><u>Missing fastening device for special-service entrance door</u></p>
<p>Splash guards</p>		<p>Bottom edge of guard is more than 8 inches above the ground</p> <p>Does not cover entire width of single or dual tire</p> <p>Missing splash guard</p>

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Steering	<p>Distance of movement not within parameters of R17-9-106(21)(c)</p> <p>Steering wheel does not move freely when turning the wheel</p> <p><u>Missing or cracked steering-wheel ring or bracing from center of steering wheel to steering-wheel ring</u></p> <p>Steering column not in a fixed position or locking mechanism missing or inoperative on adjustable steering column</p> <p>Steering column mounting bracket cracked or missing</p> <p>Loose or missing mounting bolt in steering gear housing</p> <p>Loose connecting arm on steering gear power source</p>	<p>Leakage of lubricant</p> <p>Power-steering belt cracked, frayed, or slipping</p> <p>Fluid does not fill power steering reservoir to the full level on the dipstick</p>
Steps	<p>Loose or missing grab handle in step-well</p> <p><u>Missing stirrup step or handle</u></p>	<p>Incorrect distance between steps</p> <p>Incorrect floor covering</p>
Stop signal arm	<p>Inoperative</p> <p><u>Air leak</u></p> <p><u>If equipped with a light-emitting diode system, 1 or more lights missing</u></p> <p>Missing stop arm</p>	<p>Incorrect lettering <u>or color</u> on stop <u>signal arm</u></p> <p>Incorrect size of stop <u>signal arm</u></p>
<u>Sun shield or visor (if required)</u>	<p><u>Broken, cracked, or missing</u></p>	<p>Broken, cracked, or missing above the windshield</p> <p><u>Not transparent</u></p>
Suspension	<p>Broken or <u>damaged, or missing</u> suspension part</p> <p>U-bolt loose, <u>broken, cracked,</u> or missing</p>	<p>Leaking shock absorber</p> <p>Crack or break in shock absorber mounting bracket</p>

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<p>Tires</p>	<p>Tires on same axle not of the same size</p> <p>Combination of bias and radial tires</p> <p>Tires vary more than 1 size between axles</p> <p><u>Tires not correct size for gross vehicle weight rating of school bus</u></p> <p><u>Single rear tire on school bus with gross vehicle weight rating of more than 10,000 pounds</u></p> <p>Regrooved, recapped, or retreaded tire mounted on a front wheel</p> <p>Tread groove depth less than 4/32 of an inch, measured in a tread groove on a tire on a front wheel</p> <p><u>Tire is mounted or inflated so it comes in contact with any part of the school bus or other tire</u></p> <p>Tread groove depth less than 2/32 of an inch, measured in a tread groove on a tire on a rear wheel</p> <p>Bump, knot, or bulge present on any tire</p> <p><u>Sidewall is cut, worn, or damaged to the extent that ply cord is exposed</u></p> <p>Separation of tread from tire casing</p> <p>Exposed ply or belting on any tire</p> <p><u>Flat tire or audible leak from a tire on any wheel</u></p> <p><u>If present, spare tire on Type C or D school bus not mounted outside passenger compartment</u></p>	
<p><u>Ventilation</u></p>	<p><u>Non-closing exhaust ventilator missing</u></p>	

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Wheel housing	<u>Incorrect size or construction of wheel housing or opening</u>	
Wheels	<u>Not correct size for gross vehicle weight rating of school bus</u> Loose or missing lug nut Broken lug stud bolt Crack or welded repair in wheel assembly	<u>Not painted black</u>
Windows	Not of safety glass <u>Opening too small</u> Cracked or broken Placement of non-transparent material	Inoperative latch
Windshield	Placement of non-transparent material Crack, chip, or pitting that interferes with the school bus driver's vision	No gradient windshield band (Not required on Type D buses)
<u>Windshield washer system</u>	<u>Missing</u>	<u>Low or no cleaning solution</u>
Windshield wipers	Inoperative <u>or missing</u> wiper on school bus driver's side	Inoperative <u>or missing</u> wiper on side opposite the school bus driver Inoperative speed control Split or hardened wiper blade
Wiring	Incorrect color or number coding Wiring circuit not protected by fuse or circuit breaker <u>One or more non-metal grommets missing</u>	<u>Electrical wires outside the school bus body improperly secured</u>

- C. A school bus shall be inspected every 12 months from the month and year stated on the safety inspection decal pursuant ~~according~~ to a schedule established by the Department and ~~according to~~ the standards contained in subsections (A) and (B) and this subsection.
1. If the Department finds a major defect, the Department shall remove the current safety inspection decal and replace with a new safety inspection decal only after the major defect ~~has been~~ is repaired.
 2. If the Department finds a minor defect, the Department shall remove the current safety inspection decal and replace with a new safety inspection decal and allow the ~~employer~~ school bus owner to make repairs in accordance with the provisions ~~set forth~~ at A.A.C. R17-9-108 (A)(4) through ~~R17-9-108(A)(7)~~.
- D. A school bus driver shall conduct the following operations checks of a school bus:
1. Before a school bus is operated for the first time each day, ~~the school bus driver operating the school bus shall~~ conduct a pre-trip operations check of the school bus to determine that the following are operational and are not damaged:
 - a. All lamps, including alternately flashing, back-up, clearance, hazard, head, identification, interior, side marker, stop, tail, turn signal, and strobe lamps, if any, and ~~reflectors~~ emergency warning devices;
 - b. Tires, wheels, and wheel fasteners;
 - c. Service door;
 - d. Steps and step wells;

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- e. Emergency exits and signals;
 - f. Emergency doors and signals;
 - g. Wheelchair lift and wheelchair lift dome lamp;
 - h. Wheelchair-securement devices;
 - i. Wheelchair-securement anchorages;
 - j. Special-service entrance door;
 - k. Special-service entrance door signal;
 - l. Windows;
 - m. Windshield;
 - n. Windshield wipers;
 - o. Instrument panel and gauges;
 - p. Service brakes;
 - q. Service brake warning devices;
 - r. Parking brake;
 - s. Bumpers;
 - t. Seats and seat frames;
 - u. Floor coverings;
 - v. School bus body;
 - w. Engine fluid levels;
 - x. Engine compartment steering components, ~~and~~ ;
 - y. Stop arm;
 - z. Horn;
 - aa. Mirrors; and
 - † ~~bb.~~ Engine fluid gauges.
2. Each time a pre-trip operations check of a school bus is conducted, ~~the school bus driver shall~~ check all emergency equipment to determine that the emergency equipment complies with the standards ~~set forth in~~ at A.A.C. R17-9-107(§ 2) and R17-9-110.
 3. Each time a school bus is operated subsequent to the first time the school bus is operated each day, ~~the school bus driver operating the school bus shall~~ conduct a walk-around operations check to determine whether there is an obvious engine fluid leak and the following are operational and are not damaged:
 - a. All lamps listed in subsection (D)(1)(a);
 - b. Tires, wheels, and wheel fasteners;
 - c. Bumpers;
 - d. School bus body;
 - e. Windows;
 - f. Stop arm; and
 - † ~~g.~~ Windshield; and
 - ‡ ~~Engine fluid leaks.~~
 4. After a school bus makes its final trip on each day or before the school bus makes its first trip on each day, ~~the school bus driver shall~~ sweep and clean the interior of the school bus.
 5. After completing each operations check, the school bus driver shall complete the portions of a written monthly operations check report that provide the following information ~~for the operations check:~~
 - a. Date and time of the operations check,
 - b. Name of the school bus driver conducting the operations check,
 - c. Name of the employer,
 - d. Number assigned to the school bus by the ~~employer~~ school bus owner and painted on the outside of the school bus body, and
 - e. Indication of whether an item is operational, inoperative, or damaged.
 6. A school bus driver who performs an operations check and finds any item listed in subsections (D)(1) through (D)(3) ~~is~~ inoperative or damaged shall immediately complete and submit a written repair order to the ~~employer~~ school bus owner through the employer.
 - a. The ~~employer~~ school bus owner shall use the standards contained in subsection (B) to determine whether an item reported by the school bus driver on a repair order as inoperative or damaged is a major or minor defect.
 - b. If the ~~employer~~ school bus owner finds that a major defect exists, the ~~employer~~ school bus owner shall place the school bus out of service until the major defect is repaired.
 - c. If the ~~employer~~ school bus owner finds that a minor defect exists, the school bus may be used to transport passengers, but the ~~employer~~ school bus owner shall repair the defect in accordance with the provisions ~~set forth~~ at A.A.C. R17-9-108(A)(4) through R17-9-108(A)(7). Time in which to make the minor repair shall be calculated from the date of the written repair order.

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7. After a school bus makes its final trip on the last day the school bus is driven in a particular month the school bus driver operating the school bus shall submit the written monthly operations check report to the ~~employer~~ school bus owner through the employer.
- E.** In addition to the operations checks described in subsection (D), ~~an employer~~ a school bus owner shall systematically inspect, repair, and maintain, or cause to be systematically inspected, repaired, and maintained, all parts of a school bus chassis and body described in Sections R17-9-106 and R17-9-107 and any other parts and accessories that may ~~effect~~ affect safe operation of the school bus. The school bus owner shall ensure that the maintenance of a school bus and repair of major defects is done by:
1. An ASE-certified technician.
 2. An individual working under the supervision of an ASE-certified master school bus technician.
 3. An individual with at least 1 year of participation in a school bus manufacturer-sponsored or commercial vehicle maintenance training program, or
 4. An individual with at least 1 year of experience as a school bus mechanic.
- F.** Records
1. ~~An employer~~ A school bus owner shall maintain the following records in a separate file for each school bus for as long as the school bus is in operation in Arizona:
 - a. Number assigned to the school bus by the ~~employer~~ school bus owner; ;
 - b. Name of the school bus body manufacturer; ;
 - c. Name of the school bus chassis manufacturer; ;
 - d. Identification number of the school bus located in the driver's compartment; ;
 - e. Year the school bus body was assembled upon the school bus chassis; ; and
 - f. Size of the tires placed on the school bus; and ;
 - ~~g. Name of the owner of the school bus, if other than the employer.~~
 2. ~~An employer~~ A school bus owner shall maintain all records of initial inspection, subsequent inspections, and repairs and maintenance procedures performed on the school bus for 3 years from the date of inspection, repair, or maintenance. The school bus owner shall ensure that all records of repairs and maintenance procedures include verification from the owner of the business responsible for the repairs and maintenance procedures that the individual who actually performs the repairs and maintenance procedures is qualified under subsection (E).
 3. If a school bus is sold, the school bus owner shall transfer the records required by subsections (F)(1) and (F)(2) to the purchaser.
 4. ~~An employer~~ A school bus owner shall maintain monthly operations check reports for 3 ~~years~~ months from the date of the report.
- G.** Alterations
1. ~~Before an employer~~ a school bus owner alters a school bus, the ~~employer~~ school bus owner shall submit a request in writing to the Department describing the proposed alteration and the reason for the proposal.
 2. Within 60 days of receiving a request for alteration, the Department shall inform the ~~employer~~ school bus owner in writing whether the request has been approved or denied. The Department shall base its decision to approve or deny on an assessment of whether the proposed alteration affects the operations of a school bus, complies with the statutes and rules applicable to school buses, or affects the health, safety, or welfare of any individual.

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Exhibit A. Physical Examination Form Repealed



PHYSICAL EXAMINATION FORM

To Be Filled In By Examining Health Care Professional (Please Print): Date of Examination _____

Applicant or School Bus Driver's Name _____ Address _____
 Soc. Sec. No. _____ Date of Birth _____ Age _____

Health History:

Yes	No	Yes	No	Yes	No
▲	▲	▲	▲	▲	▲
▲	▲	▲	▲	▲	▲
▲	▲	▲	▲	▲	▲
▲	▲	▲	▲	▲	▲
▲	▲	▲	▲	▲	▲
▲	▲	▲	▲	▲	▲
▲	▲	▲	▲	▲	▲
▲	▲	▲	▲	▲	▲
▲	▲	▲	▲	▲	▲
▲	▲	▲	▲	▲	▲

If answer to any of the above is yes, explain: _____

General appearance and development: Good _____ Fair _____ Poor _____

Vision: For distance: Right 20/____ Left 20/____ Both _____ • Without corrective lenses • With corrective lenses, if worn

Evidence of disease or injury: Right _____ Left _____

Color test _____ Horizontal field of vision: Right _____ Left _____

Hearing: Right ear _____ Left ear _____
 Disease or injury _____

Audiometric test: (if used) Decibel loss at 500 Hz _____ 1,000 Hz _____ 2,000 Hz _____

Throat: _____

Thorax: Heart _____

If organic disease is present, is it fully compensated? _____

Blood pressure: _____ Systolic _____ Diastolic _____

Pulse: Before exercise _____ Immediately after exercise _____

Lungs: _____

Abdomen: Scars _____ Abnormal masses _____ Tenderness _____ Hernia: Yes _____ No _____
 If so, where? _____ Is truss worn? _____

Gastrointestinal: Ulceration or other diseases: Yes _____ No _____

Genito-Urinary: Scars _____ Urethral discharge _____

Reflexes: Romberg _____
 Pupillary _____ Light: R _____ L _____

Accommodation: Right _____ Left _____

Knee jerks: Right: Normal _____ Increased _____ Absent _____

Left: Normal _____ Increased _____ Absent _____

Remarks: _____

Extremities: Upper _____ Lower _____ Spine _____

Laboratory and Urine: Specific Gravity _____ Alb. _____ Sugar _____

Other Special: Other Laboratory Data (Serology, etc.) _____

Findings: Radiological Data _____ Electrocardiograph _____

General Comments: _____

HEALTH CARE PROFESSIONAL'S CERTIFICATE TO BE COMPLETED ONLY IF APPLICANT OR SCHOOL BUS DRIVER IS FOUND QUALIFIED

<p align="center">Health Care Professional's Certificate I certify that I have examined</p> <p align="center">_____ Applicant or School Bus Driver's name (Print)</p> <p>In accordance with the duties and generally accepted standards of a health care professional, I find the examinee: (Check as appropriate)</p> <ul style="list-style-type: none"> • Qualified • Qualified only when wearing corrective lenses • Qualified only when wearing a hearing aid <p>A completed examination form of this applicant/school bus driver is on file in my office at</p> <p align="center">_____ Address</p> <p align="center">_____ Name and title of examining health care professional (print)</p> <p align="center">_____ Signature of examining health care professional</p> <p align="center">_____ Signature of applicant or school bus driver</p>	<p>The following will be completed only when the visual test is conducted by a licensed ophthalmologist or optometrist:</p> <p>Have examined the vision of the applicant/driver and _____ concur _____ do not concur that the applicant/driver must wear corrective lenses when driving:</p> <p align="center">_____ Date of Examination</p> <p align="center">_____ Name of Ophthalmologist or Optometrist (Print)</p> <p align="center">_____ Address of Ophthalmologist or Optometrist</p> <p align="center">_____ Signature of Ophthalmologist or Optometrist</p> <p align="center">INSTRUCTIONS ON REVERSE SIDE</p> <p align="right">DPS 802-04093 REV. 4/95</p>
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INSTRUCTION FOR PERFORMING AND RECORDING PHYSICAL EXAMINATIONS

The examining health care professional shall review these instructions before performing the physical examination and provide the required information.

The examining health care professional should be aware of the rigorous physical demands and mental and emotional responsibilities placed on a school bus driver. In the interest of public safety, the examining health care professional is required to certify that the examinee does not have any physical, mental, or organic condition of such a nature as to affect the ability to operate a school bus safely.

General Information. The purpose of this history and physical examination is to detect the presence of physical, mental or organic conditions of such a character and extent as to affect the examinee's ability to operate a school bus safely. The examination should be made carefully and at least as completely as indicated on the physical examination form. History of certain conditions may be cause for rejection or indicate the need to make certain laboratory tests or a further, and more stringent, examination. Conditions may be recorded which do not, because of their character or degree, indicate the certification of physical fitness should be denied. However, these conditions should be discussed with the examinee, and the examinee should be advised to take the necessary steps to ensure correction, particularly of those conditions which, if neglected, might lead to a condition likely to affect the ability to drive safely.

HISTORY — IDENTIFY WHETHER AN EXAMINEE:

(1) Has loss of a foot, a leg, a hand, or an arm, which is likely to interfere with the ability to control and operate a school bus safely;

(2) Has impairment of:

(i) A hand or finger that interferes with prehension or power grasping; or

(ii) An arm, foot, or leg that interferes with the ability to perform normal tasks associated with controlling and operating a school bus; or any other significant limb condition or limitation that interferes with the ability to perform normal tasks associated with controlling and operating a school bus;

(3) Has an established medical history or clinical diagnosis of diabetes mellitus, currently requiring insulin for control, likely to interfere with the ability to control and operate a school bus safely;

(4) Has a current clinical diagnosis of myocardial infarction, angina pectoris, coronary insufficiency, thrombosis, or any other cardiovascular condition of a variety known to be accompanied by syncope, dyspnea, collapse, or congestive cardiac failure;

(5) Has an established medical history or clinical diagnosis of a respiratory condition likely to interfere with the ability to control and operate a school bus safely;

(6) Has a current clinical diagnosis of high blood pressure likely to interfere with the ability to control and operate a school bus safely;

(7) Has an established medical history or clinical diagnosis of rheumatic, arthritic, orthopedic, muscular, neuromuscular, or vascular condition likely to interfere with the ability to control and operate a school bus safely;

(8) Has an established medical history or clinical diagnosis of epilepsy or any other condition that is likely to cause loss of consciousness or any loss of ability to control and operate a school bus safely; and

(9) Has a mental, nervous, organic or functional condition or psychiatric condition likely to interfere with the ability to control and operate a school bus safely.

General appearance and development. Note marked overweight. Note posture conditions, limps, tremors, or other conditions that might be caused by alcoholism, thyroid intoxication, or other illnesses.

Head-eyes. When other than the Snellen chart is used, the results of such test must be expressed in values comparable to the standard Snellen test. If the examinee wears corrective lenses, these should be worn while the examinee's visual acuity is being tested. In recording distance vision, use 20 feet as normal. Report all vision as a fraction with 20 as the numerator and the smallest type read at 20 feet as denominator. Note Ptosis, discharge, visual fields, ocular muscle imbalance, color blindness, corneal scar, exophthalmos, or strabismus, uncorrected by corrective lenses.

Distant visual acuity must be at least 20/40 (Snellen) in each eye without corrective lenses or visual acuity separately corrected to 20/40 (Snellen) or better with corrective lenses; distant binocular acuity must be at least 20/40 (Snellen) in both eyes with or without corrective lenses; field of vision must be at least 70° in the horizontal meridian in each eye; and examinee must have the ability to recognize the colors of traffic signals and devices showing standard red, green, and amber.

If examinee habitually wears contact lenses, or intends to do so while driving, there should be sufficient evidence to indicate that the examinee has good tolerance and is well adapted to their use. The use of contact lenses should be noted on the record.

Ears. Note evidence of mastoid or middle ear disease, discharge, symptoms of aura vertigo, or Meniere's Syndrome. When recording hearing, record distance from examinee at which a forced whispered voice can first be heard. If audiometer is used to test hearing, record decibel loss at 500 Hz, 1,000 Hz, and 2,000 Hz.

A forced whispered voice must first be perceived in the better ear at not less than 5 feet with or without the use of a hearing aid or, if tested by use of an audiometric device, average hearing loss in the better ear must not be greater than 40 decibels at 500 Hz, 1,000 Hz and 2,000 Hz with or without a hearing aid when the audiometric device is calibrated to American National Standard (formerly ASA Standard) Z24.5n (1951).

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Throat. Note evidence of disease, irremediable deformities of the throat likely to interfere with eating or breathing, or any laryngeal condition likely to interfere with the ability to control and operate a school bus safely.

Thorax-heart. Stethoscopic examination is required. Note murmurs and arrhythmias, and any past or present history of cardiovascular disease, or a variety known to be accompanied by syncope, dyspnea, collapse, enlarged heart, or congestive heart failure. Electrocardiogram is required when the examining health care professional, in the exercise of professional judgment, determines one is needed.

Blood pressure. Record with either spring or mercury column type of sphygmomanometer. If the blood pressure is consistently above 16/90 mm. Hg., further tests may be necessary to determine whether the examinee is qualified to operate a school bus.

Lungs. If any lung disease is detected, state whether active or arrested; if arrested, state how long it has been quiescent.

Abdomen. Note wounds, injuries, scars, or weakness of muscles of abdominal walls that interfere with normal function. Note any hernia present. State how long and if adequately contained by truss.

Abnormal masses. If present, note location, if tender, and whether examinee knows how long they have been present. If the diagnosis suggests that the condition is likely to interfere with the ability to control and operate a school bus safely, conduct more stringent tests.

Tenderness. When noted, state where most pronounced, and suspected cause. If the diagnosis suggests that the condition is likely to interfere with the ability to control and operate a school bus safely, conduct more stringent tests.

Gastrointestinal system. Note any diseases of the gastrointestinal system.

Genito-urinary. Urinalysis is required. Acute infections of the genito-urinary tract (as defined by local and state public health laws), indications from urinalysis of uncontrolled diabetes, symptomatic albumin-urea or other findings indicative of health conditions likely to interfere with the ability to control and operate a school bus safely, will disqualify an examinee from operating a school bus.

Neurological. If positive Romberg is reported, indicate degrees of impairment. Pupillary reflexes should be reported for both light and accommodation. Knee jerks are to be reported absent only when not obtainable upon reinforcement and as increased when foot is actually lifted from the floor following a light blow on the patella, sensory, vibratory and positional abnormalities should be noted.

Extremities. Carefully examine upper and lower extremities. Record the loss or impairment of leg, foot, toe, arm, hand, or finger. Note any and all deformities, the presence of atrophy, semi-paralysis or paralysis or varicose veins. If a hand or finger deformity exists, determine whether sufficient grasp is present to enable the examinee to secure and maintain a grip on the steering wheel. If a leg, foot, or toe deformity exists, determine whether mobility and strength exist to enable the examinee to operate pedals properly. Particular attention should be given to and a record should be made of, any impairment or structural condition that is likely to interfere with the examinee's ability to control and operate a school bus safely.

Spine. Note deformities, limitation of motion, or any history of pain, injury, or disease, past or presently experienced in the cervical or lumbar spine region. If findings so dictate, radiologic and other examinations should be used to diagnose congenital or acquired conditions; or spondylolisthesis or scoliosis.

Recto-genital studies. Diseases or conditions causing discomfort should be evaluated carefully to determine the extent to which the condition might be handicapping while lifting, pulling, or during periods of prolonged driving that might be necessary as part of the school bus driver's duties.

Laboratory and other special findings. Urinalysis is required, as well as other tests that the examining health care professional, through the exercise of professional judgment, determines are necessary. A serological test is required if the examinee has a history of luetic infection or present physical findings indicate the possibility of latent syphilis. Other studies may be ordered by the examining health care professional.

Diabetes. If the examinee has diabetes mellitus that is currently controlled by insulin, a hypoglycemic drug, or diet and that does not interfere with the ability to control and operate a school bus safely, the examinee shall be advised to obtain adequate medical supervision.

R17-9-110. First-aid Equipment

No later than 180 days after the effective date of these rules, a school bus in Arizona shall meet the requirements of this Section.

1. First-aid and body-fluid cleanup kits shall be mounted in a school bus in accordance with R17-9-107(9)(a).
2. First-aid kit: A school bus shall be equipped with a removable first-aid kit that has a weatherproofing seal around the lid to prevent moisture or dust from entering the first-aid kit, is clearly labeled as a first-aid kit, and contains the following:
 - a. 2 - 1" x 2 1/2 yards adhesive tape rolls,
 - b. 24 - Sterile gauze pads 3" x 3",
 - c. 8 - 2" bandage compresses,
 - d. 10 - 3" bandage compresses,
 - e. 2 - 2" x 6' sterile gauze roller bandages,
 - f. 4 - Triangular bandages approximately 40" x 36" x 54" with 2 safety pins,
 - g. 3 - Sterile gauze pads at least 24" x 24",

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- h. 3 - Sterile eye pads.
 - i. 1 - Rounded-end scissors.
 - j. 1 - Pair of non-latex gloves, and
 - k. 1 - Mouth-to-mouth airway.
3. Body fluid or bloodborne-pathogen cleanup kit: A school bus shall be equipped with a removable body-fluid or bloodborne-pathogen cleanup kit that is sealed, clearly labeled as a body-fluid or bloodborne-pathogen cleanup kit, and contains the following:
- a. 1 - Pouch of solidifier with chlorine.
 - b. 1 - Pick-up scoop with scraper.
 - c. 1 - Pair of non-latex gloves.
 - d. 2 - Disinfectant hand wipes (antimicrobial).
 - e. 2 - Plastic disposal bags with ties (biohazard).
 - f. 2 - Germicidal towelettes effective against human immunodeficiency virus and tuberculosis.
 - g. 2 - Paper crepe towels, and
 - h. 1 - Easy to follow instructions.

R17-9-111. Rehearing or Review of Decision

- A. The Department shall provide for a rehearing and review of its decisions under A.R.S. Title 41, Chapter 6, Article 10 and the rules established by the Office of Administrative Hearings.**
- B. A party may amend a motion for rehearing or review at any time before the Department rules on the motion.**
- C. The Department may grant a rehearing or review for any of the following reasons materially affecting a party's rights:**
 - 1. Irregularity in the proceedings of the Department or any order or abuse of discretion that deprived the moving party of a fair hearing;
 - 2. Misconduct of the Department, its staff, an administrative law judge, or the prevailing party;
 - 3. Accident or surprise that could not have been prevented by ordinary prudence;
 - 4. Newly discovered material evidence that could not, with reasonable diligence, have been discovered and produced at the hearing;
 - 5. Excessive penalty;
 - 6. Error in the admission or rejection of evidence or other errors of law occurring at the hearing or during the progress of the proceedings;
 - 7. The Department's decision is a result of passion or prejudice; or
 - 8. The finding of fact or decision is not justified by the evidence or is contrary to law.
- D. The Department may affirm or modify a decision or grant a rehearing to all or any of the parties on all or part of the issues for any of the reasons in subsection (C). An order modifying a decision or granting a rehearing shall specify with particularity the grounds for the order.**
- E. When a motion for rehearing or review is based upon affidavits, the moving party shall serve the affidavits with the motion. An opposing party may, within 15 days after service, serve opposing affidavits. The Department may extend this period for a maximum of 20 additional days, for good cause as described in subsection (H).**
- F. Not later than 15 days after the date of a decision, after giving the parties notice and an opportunity to be heard, the Department may grant a rehearing or review on its own initiative for any reason for which it might have granted relief on motion of a party. The Department may grant a motion for rehearing or review, timely served, for a reason not stated in the motion.**
- G. If a rehearing is granted, the Department shall hold the rehearing within 60 days after the date on the order granting the rehearing.**
- H. The Department may extend all time limits listed in this Section upon a showing of good cause. A party demonstrates good cause by showing that the grounds for the party's motion or other action could not have been known in time, using reasonable diligence, and:**
 - 1. A ruling on the motion will further administrative convenience, expedition, or economy; or
 - 2. A ruling on the motion will avoid undue prejudice to any party.

Exhibit ~~B~~ A. Proof of Completion of Behind-the-wheel
Training and Driving Test

ARIZONA DEPARTMENT OF PUBLIC SAFETY

**PROOF OF COMPLETION OF BEHIND-THE-WHEEL TRAINING
AND DRIVING TEST**

A.R.S. § ~~28-414.01(B)(2)~~ 3228 requires an applicant to "complete . . . behind the wheel training," before being certified as a school bus driver.

The behind-the-wheel instructor shall complete this form to show that the applicant has completed a minimum of 20 hours of behind-the-wheel training as required by A.A.C. R17-9-102(E)(6).

Applicant's Name _____ Date of Completion of Training _____
Employer/School Dist. _____ Employer No./Dist. No. _____

Hours of training on each type of school bus:

Type A _____
Type B _____
Type C _____
Type D _____
Special Needs (Type A, B, C, or D) _____

ROAD TEST

After completing a minimum of 20 hours of behind-the-wheel training, an applicant shall demonstrate the ability to operate a school bus and transport passengers safely by passing an operations test. The behind-the-wheel instructor shall accompany the applicant and rate the applicant's performance.

INSTRUCTION

This test shall be conducted on streets or highways. Simulated stops (passenger loading and unloading and railroad grade crossings) shall be in areas where traffic will not be disrupted.

DRIVING TEST SCORE SHEET

A behind-the-wheel instructor shall place an X on a ~~dot~~ square if the applicant demonstrates competence in the following areas:

PRE-TRIP OPERATIONS CHECK

- Checks all items listed in R17-9-108(D)(1) and (2)
- Fastens seat belt before moving the school bus

GEAR SELECTION & CLUTCH

- Selects proper gear
- Coordinates use of clutch & accelerator
- Performs downshifting/double-clutching procedures
- Is able to start motion of school bus on a grade
- Not applicable (automatic transmission)

BRAKES

- Applies brakes smoothly
- Observes air pressure, vacuum, or hydraulic gauge

MIRRORS

- Checks for proper adjustment of outside and inside mirrors

STOPS FOR RAILROADS

- Stops within 50 ft., but ~~not less~~ more than 15 ft., ~~of~~ from nearest rail
- Turns radio off and other sources of noise within 50 ft. of nearest rail
- Activates hazard lamps ~~a minimum of~~ no more than 100 ft. from railroad crossing
- Stops, opens service door and driver's side window, looks and listens for trains in accordance with R17-9-104(B)(15)
- Closes service door before moving across the railroad tracts
- Crosses railroad crossing without changing gears ~~in~~ of the school bus

DRIVING TECHNIQUES

- Uses turn signals when changing lanes
- Uses turn signals when making turns
- Uses proper lanes when turning
- Activates turn signal no less than 100 ft. before turn
- Maintains distance between school bus and other vehicles appropriate for speed and traffic and weather conditions
- Drives at speed that is legal and appropriate for conditions
- Follows all rules when driving through school zone

PASSENGER LOADING/UNLOADING

- ~~Uses~~ Properly uses 4 or 8-light system
- Extends stop arm when ~~stopping~~ stopped
- Positions school bus in compliance with ~~standards in~~ R17-9-104(B) when loading and unloading passengers

BACKING

- Complies with R17-9-104(B)(13) and (14)
- Uses assistance when backing adjacent to a school
- Sounds horn if there is no alarm that works automatically with backup lamps
- Observes backing procedure in all situations

PARKING

- Uses proper parking procedures
- Uses parking brake system properly
- Uses proper gear placement when parking

The following require that an applicant be rejected:

1. A chargeable accident during ~~training~~ testing.
2. Instructor having to take controls of school bus because of unsafe driving performance.
3. ~~Violations~~ Violation of A.R.S. Title 28 or this Chapter that could cause an accident or injury to passengers.

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Based on the driving test given, I conclude that _____
Applicant's Name

is • is not • qualified to operate a school bus and transport passengers safely.

Behind-the-wheel Instructor Inst. Cert. No. _____
Date

Behind-the-wheel Instructor printed name