

Senate Engrossed House Bill

State of Arizona
House of Representatives
Forty-fifth Legislature
First Regular Session
2001

CHAPTER 354

HOUSE BILL 2337

AN ACT

AMENDING SECTIONS 35-101 AND 35-142, ARIZONA REVISED STATUTES; RELATING TO STATE MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)



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

2 Section 1. Section 35-101, Arizona Revised Statutes, is amended to
3 read:

4 35-101. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Allotment" means the allocation of an appropriation or other fund
7 source over a full fiscal year within a budget program or expenditure class.

8 2. "AUTHORIZED AGENT" MEANS A COMMERCIAL ENTERPRISE CONTRACTED TO
9 PROCESS TRANSACTIONS ON BEHALF OF A STATE AGENCY.

10 ~~2.~~ 3. "Budget estimates" means statements with accompanying
11 explanations, as provided by this chapter, in which a budget unit states its
12 financial requirements and requests appropriations.

13 ~~3.~~ 4. "Budget program" means functions and activities of a budget
14 unit or within a budget unit that are preplanned to fulfill a distinct
15 mission.

16 ~~4.~~ 5. "Budget unit" means any department, commission, board,
17 institution or other agency of the state organization receiving, expending
18 or disbursing state funds or incurring obligations against the state.

19 6. "CARDHOLDER" MEANS ANY PERSON:

20 (a) NAMED ON THE FACE OF A CREDIT CARD TO WHOM OR FOR WHOSE BENEFIT
21 THE CREDIT CARD IS ISSUED BY AN ISSUER.

22 (b) IN POSSESSION OF A CREDIT CARD WITH THE CONSENT OF THE PERSON TO
23 WHOM THE CREDIT CARD WAS ISSUED.

24 ~~5.~~ 7. "Claim" means a demand against the state for payment for
25 either:

26 (a) Goods delivered or, in the case of highway construction, goods or
27 facilities to be delivered, by the federal government.

28 (b) Services performed.

29 8. "CONVENIENCE FEE" MEANS AN ADDITIONAL FEE IMPOSED BY AN AUTHORIZED
30 AGENT ON AN ELECTRONIC TRANSACTION THAT WOULD NOT BE CHARGED IF THE SAME
31 TRANSACTION WERE COMPLETED IN PERSON.

32 9. "CREDIT CARD" MEANS:

33 (a) ANY INSTRUMENT OR DEVICE, WHETHER KNOWN AS A CREDIT CARD, CHARGE
34 CARD, CREDIT PLATE, COURTESY CARD OR IDENTIFICATION CARD OR BY ANY OTHER
35 NAME, ISSUED WITH OR WITHOUT A FEE BY AN ISSUER FOR THE USE OF THE CARDHOLDER
36 IN OBTAINING MONEY, GOODS, SERVICES OR ANYTHING ELSE OF VALUE, EITHER ON
37 CREDIT OR IN POSSESSION OR IN CONSIDERATION OF AN UNDERTAKING OR GUARANTY BY
38 THE ISSUER OF THE PAYMENT OF A CHECK DRAWN BY THE CARDHOLDER, ON A PROMISE
39 TO PAY IN PART OR IN FULL AT A FUTURE TIME, WHETHER OR NOT ALL OR ANY PART
40 OF THE INDEBTEDNESS REPRESENTED BY THIS PROMISE TO MAKE DEFERRED PAYMENT IS
41 SECURED OR UNSECURED.

42 (b) ANY DEBIT CARD, ELECTRONIC BENEFIT TRANSFER CARD OR OTHER ACCESS
43 INSTRUMENT OR DEVICE, OTHER THAN A CHECK THAT IS SIGNED BY THE HOLDER OR
44 OTHER AUTHORIZED SIGNATORY ON THE DEPOSIT ACCOUNT, THAT DRAWS MONIES FROM A

1 DEPOSIT ACCOUNT IN ORDER TO OBTAIN MONEY, GOODS, SERVICES OR ANYTHING ELSE
2 OF VALUE.

3 (c) ANY STORED VALUE CARD, SMART CARD OR OTHER INSTRUMENT OR DEVICE
4 THAT ENABLES A PERSON TO OBTAIN GOODS, SERVICES OR ANYTHING ELSE OF VALUE
5 THROUGH THE USE OF VALUE STORED ON THE INSTRUMENT OR DEVICE.

6 (d) THE NUMBER ASSIGNED TO AN INSTRUMENT OR DEVICE DESCRIBED IN
7 SUBDIVISIONS (a), (b) AND (c) OF THIS PARAGRAPH EVEN IF THE PHYSICAL
8 INSTRUMENT OR DEVICE IS NOT USED OR PRESENTED.

9 10. "DISCOUNT FEE" MEANS THE FEE CALCULATED AND CHARGED BY THE CARD
10 ISSUER OR THE PROCESSING FINANCIAL INSTITUTION, PURSUANT TO A MERCHANT
11 AGREEMENT FOR THE PROCESSING OF ANY CREDIT CARD TRANSACTION.

12 ~~6-~~ 11. "Encumbrance" means an obligation in the form of any purchase
13 order, contract or other commitment which is chargeable to an appropriation
14 or any other authorized fund source and for which a part of the fund source
15 is reserved. It ceases to be an encumbrance when paid or canceled.

16 ~~7-~~ 12. "Expenditure class" means one of the kinds of expenditure
17 denoting a class of services or commodities purchased or properties acquired
18 as specified in the classification of expenditures prescribed by the director
19 of the department of administration for use in expenditure accounting, in
20 making budget estimates and in the budget reports and budgets.

21 13. "ISSUER" MEANS ANY BUSINESS ORGANIZATION, STATE AGENCY OR FINANCIAL
22 INSTITUTION, OR ITS DULY AUTHORIZED AGENT, THAT ISSUES A CREDIT CARD.

23 ~~8-~~ 14. "Prepayment" means the payment of a claim before receiving the
24 goods or services.

25 ~~9-~~ 15. "Purchase order" means a document that is signed by the
26 appropriate agency authorized signatory, that requests a vendor to deliver
27 described goods or services at a specific price and that on delivery and
28 acceptance of the goods or services by this state becomes an obligation of
29 this state.

30 16. "TRANSACTION AMOUNT" MEANS THE TOTAL AMOUNT DUE TO THE STATE FOR
31 ANY GOODS, SERVICE OR LICENSE OR ANYTHING ELSE OF VALUE.

32 Sec. 2. Section 35-142, Arizona Revised Statutes, is amended to read:

33 35-142. Monies kept in funds separate from state general fund;
34 receipt and withdrawal; definitions

35 A. All monies received for and belonging to the state shall be
36 deposited in the state treasury and credited to the state general fund except
37 the following, which shall be placed and retained in separate funds:

38 1. The unexpendable principal of monies received from federal land
39 grants shall be placed in separate funds and the account of each such
40 separate fund shall bear a title indicating the source and the institution
41 or purpose to which such fund belongs.

42 2. The interest, rentals and other expendable money received as income
43 from federal land grants shall be placed in separate accounts, each account
44 bearing a title indicating the source and the institution or purpose to which

1 the fund belongs. Such expendable monies shall be expended only as
2 authorized, regulated and controlled by the general appropriation act or
3 other act of the legislature.

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

7 4. All monies legally pledged to retirement of building indebtedness
8 or bonds issued by those institutions authorized to incur such indebtedness
9 or to issue such bonds shall be placed in separate accounts.

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

14 6. All monies collected by the Arizona game and fish department shall
15 be deposited in a special fund known as the state game and fish protection
16 fund for the use of the Arizona game and fish commission in carrying out the
17 provisions of title 17.

18 7. All federal monies that are received by the department of economic
19 security for family assistance benefits and medical eligibility as a result
20 of efficiencies developed by the department of economic security and that
21 would otherwise revert to the state general fund pursuant to section 35-190
22 shall be retained for use by the department of economic security in
23 accordance with the terms and conditions imposed by the federal funding
24 source.

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

28 B. No money shall be received or held by the state treasurer except
29 as authorized by law, and in every instance the treasurer shall issue a
30 receipt for money received and shall record the transaction in the statewide
31 accounting system. No money shall be withdrawn from the treasury except upon
32 the warrant or electronic funds transfer voucher of the department of
33 administration.

34 C. All federal monies granted and paid to the state by the federal
35 government shall be accounted for in the accounts or funds of the state in
36 the necessary detail to meet federal and state accounting, budgetary and
37 auditing requirements, and all appropriations for matching such federal
38 monies shall be transferred from the general fund to such separate funds as
39 needed, except as otherwise required by the federal government.

40 D. Nothing in this section requires the establishment of separate
41 accounts or funds for such federal monies unless otherwise required by
42 federal or state law. The department of administration has the authority to
43 use the most efficient system of accounts and records, consistent with legal
44 requirements and standard and necessary fiscal safeguards.

1 E. Nothing in this section precludes the creation by the department
2 of administration of a clearing account or other acceptable accounting method
3 to effect prompt payment of claims from an approved budget or appropriation.
4 The department of administration shall report each account or fund
5 established or cancelled to the directors of the joint legislative budget
6 committee and the governor's office of strategic planning and budgeting.

7 F. Nothing in this section or any other section precludes the use of
8 monies kept in funds separate from the general fund, the interest from which
9 accrues to the general fund, for payment of claims against the general fund,
10 provided sufficient monies remain available for payment of claims against
11 such funds.

12 G. The department of administration may issue warrants for qualified
13 expenditures of federal program monies before they are deposited in the state
14 treasury. The receipt of federal monies shall be timed to coincide, as
15 closely as administratively feasible, with the redemption of warrants by the
16 state treasurer. The department of administration shall limit expenditures
17 to the amount that has been made available for the use under the grant award
18 by the federal government. The state agency initiating the expenditures is
19 responsible for ensuring that expenditures qualify for coverage under the
20 guidelines of the federal grant award.

21 H. The department of administration shall establish the policies and
22 procedures for all state agencies for drawing federal monies. When the
23 established method results in federal monies being held by this state, the
24 department of administration may use the interest earned on the monies to pay
25 the federal government for any related interest liability. If an interest
26 liability is incurred due to a state agency varying from the established
27 policies and procedures, the department of administration shall charge the
28 appropriate agency account or fund. Interest payment charges to agencies
29 shall be reported by the department of administration to the joint
30 legislative budget committee on or before March 1. Any federal interest
31 liability owed to this state as a result of the delayed federal disbursements
32 shall be used to offset this state's interest liability to the federal
33 government. Any remaining interest earnings shall be deposited in the state
34 general fund.

35 I. Any state agency or authorized agent of a state agency may accept
36 credit cards ~~or charge cards~~ pursuant to an agreement entered into by the
37 state treasurer pursuant to section 35-315 for the payment of any amount due
38 to that agency, ~~OR~~ agent or this state.

39 J. EXCEPT FOR THE DEPARTMENT OF REVENUE FOR TAX PAYMENTS, agencies or
40 authorized agents on behalf of state agencies that accept credit cards or
41 ~~charge cards~~ shall deduct any applicable discount ~~or convenience~~ fee
42 associated with the transaction amount before depositing the net amount in
43 the appropriate state fund. The net amount deposited in the appropriate
44 state fund shall be considered as the full deposit required by law of monies

1 received by the agency. Payment of any applicable discount ~~or convenience~~
2 fee shall be accounted for in the annual report submitted to the governor's
3 office of strategic planning and budgeting in accordance with section
4 41-1273.

5 K. ANY STATE AGENCY THAT CONTRACTS WITH AN AUTHORIZED AGENT FOR THE
6 ELECTRONIC PROCESSING OF TRANSACTIONS PURSUANT TO TITLE 41, CHAPTER 23 MAY
7 INCLUDE A PROVISION IN THE CONTRACT TO ALLOW THE AUTHORIZED AGENT TO IMPOSE
8 A CONVENIENCE FEE. IF ALLOWED, THE CONVENIENCE FEE SHALL BE CHARGED TO THE
9 CARDHOLDER IN ADDITION TO THE TRANSACTION AMOUNT, EXCEPT FOR THE FOLLOWING:

10 1. ANY PERMITS, LICENSES OR OTHER AUTHORIZATIONS NEEDED TO PURSUE A
11 TRADE OR OCCUPATION IN THIS STATE.

12 2. ANY PERMITS, LICENSES OR OTHER AUTHORIZATIONS NEEDED TO ESTABLISH,
13 EXPAND OR OPERATE A BUSINESS IN THIS STATE.

14 3. ANY PERMITS, LICENSES OR OTHER AUTHORIZATIONS NEEDED TO REGISTER
15 AND LICENSE A MOTOR VEHICLE OR DRIVER IN THIS STATE.

16 L. ANY STATE AGENCY OR ITS AUTHORIZED AGENT MAY DEDUCT THE CONVENIENCE
17 FEE ASSOCIATED WITH ELECTRONIC TRANSACTIONS LISTED IN THIS SUBSECTION BEFORE
18 DEPOSITING THE NET AMOUNT IN THE APPROPRIATE STATE FUND. THE NET AMOUNT
19 DEPOSITED IN THE APPROPRIATE STATE FUND PURSUANT TO SUBSECTION K, PARAGRAPHS
20 1, 2 AND 3 SHALL BE CONSIDERED AS THE FULL DEPOSIT OF MONIES THAT IS REQUIRED
21 BY LAW AND THAT IS RECEIVED BY THE AGENCY.

22 M. WHEN THE PERCENTAGE OF ELECTRONIC TRANSACTIONS FIRST EXCEEDS AT
23 LEAST THIRTY PER CENT OF A STATE AGENCY'S TOTAL TRANSACTIONS, THE STATE
24 AGENCY SHALL PERFORM A COST BENEFIT REPORT, INCLUDING COSTS OF CONVENIENCE
25 FEES, THE AMOUNT OF REVENUE GENERATED AND ANY REALIZED COST SAVINGS. THE
26 STATE AGENCY SHALL SUBMIT THE COST BENEFIT REPORT TO THE JOINT LEGISLATIVE
27 BUDGET COMMITTEE WITHIN SIX MONTHS AFTER REACHING THE THIRTY PER CENT
28 THRESHOLD.

29 ~~K.~~ N. State agencies shall report the number of transactions, the
30 total dollar amount of transactions processed, THE TOTAL DOLLAR AMOUNT OF ANY
31 DISCOUNT FEE and the total dollar amount of any ~~discount or transaction fees~~
32 CONVENIENCE FEE CHARGED, DEDUCTED OR PAID pursuant to ~~subsection d~~
33 SUBSECTIONS J AND K of this section quarterly to the governor, the government
34 information technology agency and the joint legislative budget committee.

APPROVED BY THE GOVERNOR MAY 7, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 7, 2001.

Passed the House March 19, 2001,

Passed the Senate April 27, 2001,

by the following vote: 56 Ayes,
0 Nays, 4 Not Voting

by the following vote: 27 Ayes,
2 Nays, 1 Not Voting

Jahn Flake
Speaker of the House
Pro Tempore
Norman L. Moore
Chief Clerk of the House

Ranall Grant
President of the Senate
Norma Love
Asst. Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
_____ day of _____, 20____,
at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of _____,
_____, 20____,
at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this _____ day of _____, 20____,
at _____ o'clock _____ M.

Secretary of State

H.B. 2337

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

May 01, 2001,

by the following vote: 56 Ayes,

0 Nays, 4 Not Voting

Jake Flake
Speaker of the House
Norman L. Moose
Pro Tempore
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

1 day of May, 2001,

at 3:35 o'clock P M.

Sandra Ramirez
Secretary to the Governor

Approved this 7 day of

May, 2001,

at 2:45 o'clock P M.

Janeé Hull
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 7 day of May, 2001,

at 5:00 o'clock P M.

Katherine Bayless
Secretary of State

H.B. 2337