

State of Arizona
House of Representatives
Forty-fifth Legislature
Second Regular Session
2002

CHAPTER 328

HOUSE BILL 2708

AN ACT

AMENDING SECTIONS 3-1332, 3-1334, 3-1336, 3-1341, 3-1344 AND 3-1345, ARIZONA REVISED STATUTES; AMENDING TITLE 3, CHAPTER 11, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 3-1345.01; AMENDING SECTION 5-224, ARIZONA REVISED STATUTES; REPEALING SECTION 13-3114, ARIZONA REVISED STATUTES; AMENDING SECTION 33-1476.03, 38-651, 41-621, 41-1609.02, 41-1610.04 AND 41-1624, ARIZONA REVISED STATUTES; AMENDING LAWS 2001, CHAPTER 238, SECTION 20; AMENDING LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 2, SECTION 22; RELATING TO FISCAL YEAR 2002-2003 PUBLIC FINANCES BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 3-1332, Arizona Revised Statutes, is amended to
3 read:

4 3-1332. Method, place and time of inspecting livestock

5 A. Livestock officers and inspectors shall inspect livestock, other
6 than equine ~~previously inspected pursuant to section 3-1344~~ and livestock
7 subject to authorized self-inspection, for health, marks and brands at
8 loading stations, at places of exit from the state and at places where
9 livestock are gathered to be sold, slaughtered, transported, conveyed,
10 shipped or driven from their range for any purpose whatever except when
11 livestock are being moved from pasture to a destination in this state and no
12 change of ownership, slaughter or other disposition is involved and the owner
13 is utilizing self-inspection approved by the division under section
14 3-1203. Livestock officers and inspectors need not inspect outgoing
15 livestock from feed lots, dairies and producers utilizing self-inspection
16 pursuant to section 3-1203 but may conduct periodic inspections to ascertain
17 compliance with this article.

18 B. Feed lots, dairies and producers utilizing self-inspection approved
19 by the division under section 3-1203 shall comply with the applicable
20 provisions of this section and procedures established by the division.

21 C. Brand inspections shall be made by daylight and in a manner which
22 enables the livestock officer or inspector personally to see, inspect and
23 record each and every mark and brand. Inspections of livestock for health
24 at a slaughterhouse may be made by other than daylight if adequate artificial
25 light is provided.

26 D. Upon being advised that livestock is subject to inspection,
27 livestock officers and inspectors shall arrange for the inspection of the
28 livestock and inspect such livestock within twelve hours.

29 E. The animal services division, the plant industries division and the
30 office of inspections shall cooperate to provide livestock inspections at
31 border inspection stations or department offices and to train appropriate
32 personnel to perform these inspections. Employees of the plant industries
33 division acting under this subsection do not have enforcement powers
34 otherwise granted to livestock officers. In the case of an apparent
35 discrepancy, disease or other problem a livestock officer or inspector
36 employed by the animal services division shall be called on to make a final
37 inspection and determination. The associate director of the animal services
38 division shall assign at least one livestock officer or inspector to be on
39 call from each office operated by the plant industries division under this
40 subsection.

41 Sec. 2. Section 3-1334, Arizona Revised Statutes, is amended to read:
42 3-1334. Inspection as to ownership of livestock

43 A. Livestock officers and inspectors, in making inspections, shall
44 require from livestock auctions or the owner or person in charge of the

1 livestock a list of the brands and marks or necessary evidence of ownership
2 and shall determine by inspection of the livestock that the person in charge
3 is the owner or an approved livestock auction or is authorized in writing to
4 handle the livestock. ~~If a person claims to own offspring of an equine that~~
5 ~~the person leased, the livestock officer or inspector shall require that the~~
6 ~~owner of the equine obtain an ownership and hauling certificate for the~~
7 ~~offspring and transfer ownership of the offspring to the lessee pursuant to~~
8 ~~section 3-1345.~~

9 B. Feedlots, dairies and producers utilizing self-inspection approved
10 by the division pursuant to section 3-1203 shall comply with this section and
11 procedures established by the division.

12 Sec. 3. Section 3-1336, Arizona Revised Statutes, is amended to read:

13 3-1336. Inspection of livestock to be slaughtered, sold or
14 transported; fee; violation; classification

15 A. Except as otherwise provided in this section, livestock, other than
16 equines previously inspected pursuant to section 3-1344 and livestock
17 inspected at feedlots or dairies pursuant to section 3-1337, shall not be
18 slaughtered, sold, purchased, driven, transported, shipped or conveyed unless
19 the animals have been inspected by a livestock officer or inspector for
20 health, brands and marks before they are slaughtered, sold, purchased,
21 driven, transported, shipped or conveyed and the inspection fee paid.

22 B. The owner or agent of the owner of the livestock to be slaughtered,
23 sold, driven, transported, shipped or conveyed as provided in subsection A
24 of this section shall notify the nearest livestock officer or inspector of
25 that intention.

26 C. Equines consigned to either licensed Arizona livestock auctions or
27 other special auctions approved by the department from out of state or from
28 Indian reservations in this state or from other state or federal agencies
29 without prior inspection shall be inspected on delivery at an auction.
30 ~~Auction buyers of these equines shall obtain a new ownership and hauling~~
31 ~~certificate within thirty days pursuant to section 3-1344. All equines sold~~
32 ~~at auctions shall be inspected out on an inspection certificate or auction~~
33 ~~invoice and the seller shall pay a one dollar per head fee.~~

34 ~~D. Equines bearing the registered brand of the owners from points of~~
35 ~~origin in this state which do not have an ownership and hauling certificate~~
36 ~~shall be inspected before being transported to an auction or to immediate~~
37 ~~slaughter on an inspection form provided by the department. The seller shall~~
38 ~~pay a fee of one dollar per head and a service charge of three dollars.~~

39 E. D. All livestock OTHER THAN EQUINES sold at auctions shall be
40 inspected out on an inspection certificate or auction invoice validated by
41 the department. ~~Equines may be transported within this state on either~~
42 ~~document for thirty days after purchase at auctions described in this~~
43 ~~section.~~

1 F. E. The owner or producer of livestock excluding equines may
2 slaughter or transport to another person to slaughter such livestock without
3 having the animal inspected and without paying the inspection fee or service
4 charge if the meat of such slaughtered livestock is solely for home
5 consumption by such owner providing that such owner contacts a livestock
6 officer or inspector within a forty-eight hour period prior to slaughter and
7 is able to establish proof of ownership either by a prior inspection
8 certificate, by a recorded brand on the animal or that the animal was raised
9 by said owner, and the hide is inspected as provided for in section
10 3-2011. If proof of ownership cannot be established to the satisfaction of
11 the livestock officer or inspector then the livestock officer or inspector
12 may require an inspection prior to slaughter.

13 G. F. The associate director may waive an inspection for brands and
14 marks before the slaughter of an animal if a federal or state meat inspector
15 on the premises certifies on a form provided by the department that, as
16 determined by an antemortem inspection, the animal is in a distressed
17 condition and for humane reasons should be slaughtered immediately if it is
18 otherwise fit for slaughter and if the hide, carcass and certification are
19 segregated and held pending inspection for brands and marks. The associate
20 director may waive inspections under this subsection only for individual
21 animals, and a separate certification shall be made for each animal.

22 H. G. Livestock officers or inspectors shall not inspect livestock
23 for health before they are slaughtered at an establishment which is subject
24 to federal meat inspections as provided under chapter 13 of this title.

25 I. H. A person violating any provision of this section is guilty of
26 a class 3 misdemeanor.

27 Sec. 4. Section 3-1341, Arizona Revised Statutes, is amended to read:

28 3-1341. Transportation of livestock by person without
29 certificate of inspection, validated auction invoice
30 or bill of sale; violation; classification

31 A. Except as otherwise provided in this article, it is unlawful for
32 any person, firm or corporation to carry, transport or convey livestock by
33 any conveyance without first having such livestock inspected and having in
34 immediate possession the duplicate record of the inspection, an auction
35 invoice issued pursuant to section 3-1336 or, a registration or
36 identification card issued pursuant to section 3-1344 or 3-1345 OR A BILL OF
37 SALE.

38 B. A person violating this section is guilty of a class 2 misdemeanor.

39 Sec. 5. Section 3-1344, Arizona Revised Statutes, is amended to read:

40 3-1344. Ownership and hauling certificates for equines;
41 inspection; exemption; cancellation; fees

42 A. Except as otherwise provided in this article, owners or persons in
43 charge of equines shall MAY obtain ownership and hauling certificates before
44 weaning for equines that are born in this state or within thirty days of the

1 ~~entrance date of all equines into this state. A person who fails to obtain~~
2 ~~a certificate within the prescribed time is subject to a civil penalty of one~~
3 ~~dollar per day in excess of thirty days that the equine is in this state~~
4 ~~without a certificate, but not exceeding a total of fifty dollars FROM THE~~
5 ~~DEPARTMENT.~~

6 B. ~~livestock officers or inspectors~~ THE DIRECTOR SHALL ADOPT
7 INSPECTION FEES BY RULE PURSUANT TO TITLE 41, CHAPTER 6, FOR THE PROCESSING
8 OF OWNERSHIP AND HAULING CERTIFICATES AND REPLACEMENT OWNERSHIP AND HAULING
9 CERTIFICATES. IF A PERSON REQUESTS AN OWNERSHIP AND HAULING CERTIFICATE OR
10 A REPLACEMENT OWNERSHIP AND HAULING CERTIFICATE, THE DEPARTMENT shall collect
11 from the owner or person in charge of equines an inspection fee of ~~five~~
12 ~~dollars per head~~ FOR DEPOSIT IN THE EQUINE INSPECTION FUND PURSUANT TO
13 SECTION 3-1345.01.

14 C. Notwithstanding other provisions of this title, ownership and
15 hauling certificates issued pursuant to subsection A of this section shall
16 be valid for the life of the animal or until transferred pursuant to section
17 3-1345.

18 ~~D. All equines having a current ownership and hauling certificate or~~
19 ~~a permanent hauling permit issued by the livestock sanitary board before May~~
20 ~~20, 1974 shall be exempt from all inspections required by this chapter.~~

21 E. D. An owner or the authorized agent of an owner of a thoroughbred
22 that will be used solely for horse racing or race horse breeding purposes
23 and that has a certificate of registration or a facsimile of a certificate
24 of registration issued by the jockey club of Lexington, Kentucky or a
25 predecessor organization or a quarter horse that will be used solely for
26 horse racing and OR race horse breeding purposes and that has a certificate
27 of registration or a facsimile of a certificate of registration issued by the
28 American quarter horse association of Amarillo, Texas is exempt from this
29 section and all other statutes and rules that require an ownership and
30 hauling certificate issued under this section with respect to that
31 horse. This subsection applies to an unweaned foal if his or her dam has the
32 certificate OF REGISTRATION required by this subsection. On the sale or
33 disposition of a horse that is exempt from the ownership and hauling
34 certificate requirements under this subsection, the seller or an authorized
35 agent of the seller shall either:

36 1. Properly execute and transfer the certificate of registration
37 required under this subsection to the buyer.

38 2. Complete and date an equine transfer request form issued by the
39 department and give the form and a notarized bill of sale to the
40 buyer. Within thirty days after the transfer of ownership, the buyer shall
41 complete the buyer's portion of the equine transfer request form and shall
42 comply with subsections A and B of this section.

1 F. E. Ownership and hauling certificates issued with respect to any
2 equine shall be surrendered to the department or its authorized
3 representative if any of the following occurs:

- 4 1. The equine dies.
5 2. The equine is sold and shipped out of state.
6 3. The equine is sent to slaughter or is disposed of for humane
7 reasons.

8 Sec. 6. Section 3-1345, Arizona Revised Statutes, is amended to read:

9 3-1345. Transfer of ownership and hauling certificates;
10 issuance of new ownership and hauling certificates;
11 fees

12 A. The seller of any equine who has a valid ownership and hauling
13 certificate for such animal and the buyer of such animal, except a person who
14 has been issued an equine trader's permit pursuant to section 3-1348, shall
15 MAY both complete and date a transfer request form. One copy of the transfer
16 request form shall be given to the seller.

17 B. Within thirty days of the transfer of ownership of any equine,
18 provided for in subsection A of this section, the buyer shall MAY forward to
19 the division the ownership and hauling certificate, the original copy of the
20 completed transfer request form and ~~a five dollar per head~~ THE TRANSFER
21 fee. THE DIRECTOR SHALL ADOPT TRANSFER FEES BY RULE PURSUANT TO TITLE 41,
22 CHAPTER 6, FOR PROCESSING TRANSFER REQUEST FORMS. Upon receipt, the division
23 shall DEPOSIT THE FEES IN THE EQUINE INSPECTION FUND PURSUANT TO SECTION
24 3-1345.01 AND issue a new ownership and hauling certificate to the transferee
25 and a blank transfer request form. Such certificate shall be valid for the
26 life of the animal or until sold. ~~A person who fails to transmit the~~
27 ~~required transfer documents to the division within the prescribed time is~~
28 ~~subject to a civil penalty of one dollar per day in excess of thirty days~~
29 ~~that the documents are not furnished to the division, but not exceeding a~~
30 ~~total of fifty dollars.~~

31 C. An equine trader permittee who purchases an equine in this state
32 must receive from the seller A BILL OF SALE OR the ownership and hauling
33 certificate and the original and buyer's copy of a transfer request form with
34 the seller's portion completed. ~~When the equine is sold, the buyer shall~~
35 ~~complete the buyer's portion of the form and comply with the requirements of~~
36 ~~subsection B of this section.~~

37 D. An equine trader permittee shall sign and enter his permit number
38 on the transfer document when he transfers ownership of an equine.

39 Sec. 7. Title 3, chapter 11, article 5, Arizona Revised Statutes, is
40 amended by adding section 3-1345.01, to read:

41 3-1345.01. Equine; hauling certificates; transfer; fund

42 THE EQUINE INSPECTION FUND IS ESTABLISHED CONSISTING OF FEES COLLECTED
43 PURSUANT TO SECTION 3-1344, SUBSECTION B AND SECTION 3-1345, SUBSECTION
44 B. THE DEPARTMENT OF AGRICULTURE SHALL ADMINISTER THE FUND. MONIES IN THE

1 FUND ARE CONTINUOUSLY APPROPRIATED FOR THE ISSUANCE OF EQUINE OWNERSHIP AND
2 HAULING CERTIFICATES.

3 Sec. 8. Section 5-224, Arizona Revised Statutes, is amended to read:
4 5-224. Appointment of officers and employees; powers and duties
5 of commission

6 ~~A. The commission may appoint an executive director, deputies, medical~~
7 ~~doctors and other personnel as required to perform the duties prescribed by~~
8 ~~the commission. The executive director is eligible to receive an annual~~
9 ~~salary as determined pursuant to section 38-611.~~

10 A. A DIVISION OF BOXING REGULATION IS ESTABLISHED IN THE ARIZONA
11 DEPARTMENT OF RACING TO PROVIDE STAFF SUPPORT FOR THE ARIZONA STATE BOXING
12 COMMISSION. THE DIRECTOR OF THE DEPARTMENT SHALL APPOINT AN ASSISTANT
13 DIRECTOR TO PERFORM THE DUTIES PRESCRIBED IN THIS ARTICLE. THE RESOURCES FOR
14 THE ARIZONA STATE BOXING COMMISSION SHALL COME FROM MONIES APPROPRIATED TO
15 THE DEPARTMENT OF RACING.

16 B. The commission shall obtain from a physician licensed to practice
17 in this state rules and standards for the physical examination of boxers and
18 referees. A schedule of fees to be paid physicians by the promoter or
19 matchmaker for the examination shall be set by the commission.

20 C. The commission may adopt and issue rules pursuant to title 41,
21 chapter 6 to carry out the purposes of this chapter.

22 D. The commission shall hold a regular meeting quarterly and in
23 addition may hold special meetings. Except as provided in section 5-223,
24 subsection B, all meetings of the commission shall be open to the public and
25 reasonable notice of the meetings shall be given pursuant to title 38,
26 chapter 3, article 3.1.

27 E. The commission shall:

28 1. Make and maintain a record of its THE acts and proceedings OF THE
29 DIVISION, including the issuance, denial, renewal, suspension or revocation
30 of licenses.

31 2. Keep records of the commission open to public inspection at all
32 reasonable times.

33 3. Assist the director in the development of rules to be implemented
34 pursuant to section 5-104, subsection T.

35 4. Conform to the rules adopted pursuant to section 5-104,
36 subsection T.

37 F. The commission may enter into intergovernmental agreements with
38 Indian tribes, tribal councils or tribal organizations to provide for the
39 regulation of boxing contests on Indian reservations. Nothing in this
40 chapter shall be construed to diminish the authority of the department of
41 gaming.

42 Sec. 9. Repeal

43 Section 13-3114, Arizona Revised Statutes, is repealed.

1 Sec. 10. Section 33-1476.03, Arizona Revised Statutes, is amended to
2 read:

3 33-1476.03. Assessments for mobile home relocation fund; waiver

4 A. Each owner of a mobile home who does not own the land upon which
5 the mobile home is located shall pay each year to the state an assessment
6 equal to a rate of fifty cents per one hundred dollars of the taxable
7 assessed valuation, derived by applying the applicable percentage specified
8 in title 42, chapter 15, article 1 to the limited property value, for each
9 mobile home the person owns, for the purpose of providing monies for the
10 mobile home relocation fund. The county treasurer shall collect the
11 assessment imposed by this subsection at the same time and in the same manner
12 as unsecured personal property taxes, separately listed on the tax roll,
13 shall transfer the revenues collected to the state treasurer for deposit in
14 the mobile home relocation fund and shall send to the state treasurer a
15 written notice of the total taxable assessed valuation, derived by applying
16 the applicable percentage specified in title 42, chapter 15, article 1 to the
17 limited property value, of all mobile homes in the county on which the
18 assessment prescribed by this section is assessed. The assessment
19 constitutes a lien on the mobile home.

20 B. The director shall notify all county assessors to waive the
21 assessment for any year if the monies in the fund exceed eight FOUR million
22 dollars.

23 C. If at the end of a fiscal year the amount of monies in the
24 relocation fund is less than six TWO million FIVE HUNDRED THOUSAND dollars,
25 the director may reinstate the assessment prescribed by this section.

26 Sec. 11. Section 38-651, Arizona Revised Statutes, is amended to read:

27 38-651. Expenditure of funds for health and accident insurance

28 A. The department of administration may expend public monies
29 appropriated for such purpose to procure health and accident coverage for
30 full-time officers and employees of the state and its departments and
31 agencies. The department of administration may adopt rules which provide
32 that if an employee dies while the employee's surviving spouse's health
33 insurance is in force, the surviving spouse shall be entitled to no more than
34 thirty-six months of extended coverage at one hundred two per cent of the
35 group rates by paying the premiums. No public monies may be expended to pay
36 all or any part of the premium of health insurance continued in force by the
37 surviving spouse. The department of administration shall seek a variety of
38 plans FOR SELF-INSURANCE, including indemnity health insurance, hospital and
39 medical service plans, dental plans and health maintenance organizations. On
40 ~~a recommendation of the department of administration and the approval of the~~
41 joint legislative budget committee, the department of administration may
42 SHALL self-insure BY OCTOBER 1, 2003 for the purposes of this subsection. If
43 The department of administration self-insures, ~~the department may contract~~
44 directly with preferred provider organizations, physician and hospital

1 networks, indemnity health insurers, hospital and medical service plans,
2 dental plans and health maintenance organizations FOR SELF-INSURANCE. The
3 department of administration by rule shall designate and adopt performance
4 standards, including cost competitiveness, utilization review issues, network
5 development and access, conversion and implementation, report timeliness,
6 quality outcomes and customer satisfaction for qualifying plans. The
7 qualifying plans for which the standards are adopted include indemnity health
8 insurance, hospital and medical service plans, closed panel medical and
9 dental plans and health maintenance organizations, and for eligibility of
10 officers and employees to participate in such plans. Any indemnity health
11 insurance or hospital and medical service plan designated as a qualifying
12 plan by the department of administration must be open for enrollment to all
13 permanent full-time state employees, except that any plan established prior
14 to June 6, 1977 may be continued as a separate plan. Any closed panel
15 medical or dental plan or health maintenance organization designated as the
16 qualifying plan by the department of administration must be open for
17 enrollment to all permanent full-time state employees residing within the
18 geographic area or area to be served by the plan or organization. Officers
19 and employees may select coverage under the available options.

20 B. The department of administration may expend public monies
21 appropriated for such purpose to procure health and accident coverage for the
22 dependents of full-time officers and employees of the state and its
23 departments and agencies. The department of administration shall seek a
24 variety of plans FOR SELF-INSURANCE, including indemnity health insurance,
25 hospital and medical service plans, dental plans and health maintenance
26 organizations. ~~On a recommendation of the department of administration and~~
27 ~~the approval of the joint legislative budget committee, the department of~~
28 ~~administration may SHALL self-insure BY OCTOBER 1, 2003 for the purposes of~~
29 ~~this subsection. If The department of administration self-insures, the~~
30 ~~department may contract directly with preferred provider organizations,~~
31 ~~physician and hospital networks, indemnity health insurers, hospital and~~
32 ~~medical service plans, dental plans and health maintenance organizations FOR~~
33 ~~SELF-INSURANCE. The department of administration by rule shall designate and~~
34 ~~adopt performance standards, including cost competitiveness, utilization~~
35 ~~review issues, network development and access, conversion and implementation,~~
36 ~~report timeliness, quality outcomes and customer satisfaction for qualifying~~
37 ~~plans. The qualifying plans for which the standards are adopted include~~
38 ~~indemnity health insurance, hospital and medical service plans, closed panel~~
39 ~~medical and dental plans and health maintenance organizations, and for~~
40 ~~eligibility of the dependents of officers and employees to participate in~~
41 ~~such plans. Any indemnity health insurance or hospital and medical service~~
42 ~~plan designated as a qualifying plan by the department of administration must~~
43 ~~be open for enrollment to all permanent full-time state employees, except~~
44 ~~that any plan established prior to June 6, 1977 may be continued as a~~

1 separate plan. Any closed panel medical or dental plan or health maintenance
2 organization designated as a qualifying plan by the department of
3 administration must be open for enrollment to all permanent full-time state
4 employees residing within the geographic area or area to be served by the
5 plan or organization. Officers and employees may select coverage under the
6 available options.

7 C. The department of administration shall designate the Arizona health
8 care cost containment system established by title 36, chapter 29 as a
9 qualifying plan for the provision of health and accident coverage to
10 full-time state officers and employees and their dependents. The Arizona
11 health care cost containment system shall not be the exclusive qualifying
12 plan for health and accident coverage for state officers and employees either
13 on a statewide or regional basis.

14 D. Except as provided in section 38-652, public monies expended
15 pursuant to this section each month shall not exceed:

16 1. Five hundred dollars multiplied by the number of officers and
17 employees who receive individual coverage.

18 2. One thousand two hundred dollars multiplied by the number of
19 married couples if both members of the couple are either officers or
20 employees and each receives individual coverage or family coverage.

21 3. One thousand two hundred dollars multiplied by the number of
22 officers or employees who receive family coverage if the spouses of the
23 officers or employees are not officers or employees.

24 E. Subsection D of this section:

25 1. Establishes a total maximum expenditure of public monies pursuant
26 to this section.

27 2. Does not establish a minimum or maximum expenditure for each
28 individual officer or employee.

29 F. In order to ensure that an officer or employee does not suffer a
30 financial penalty or receive a financial benefit based on the officer's or
31 employee's age, gender or health status, the department of administration
32 shall consider implementing the following:

33 1. Requests for proposals for health insurance that specify that the
34 carrier's proposed premiums for each plan be based on the expected age,
35 gender and health status of the entire pool of employees and officers and
36 their family members enrolled in all qualifying plans and not on the age,
37 gender or health status of the individuals expected to enroll in the
38 particular plan for which the premium is proposed.

39 2. Recommendations from a legislatively established study group on
40 risk adjustments relating to a system for reallocating premium revenues among
41 the contracting qualifying plans to the extent necessary to adjust the
42 revenues received by any carrier to reflect differences between the average
43 age, gender and health status of the enrollees in that carrier's plan or

1 plans and the average age, gender and health status of all enrollees in all
2 qualifying plans.

3 G. Each officer or employee shall certify on the initial application
4 for family coverage that such officer or employee is not receiving more than
5 the contribution for which eligible pursuant to subsection D of this section.
6 Each officer or employee shall also provide such certification on any change
7 of coverage or marital status.

8 H. If a qualifying health maintenance organization is not available
9 to an officer or employee within fifty miles of the officer's or employee's
10 residence and the officer or employee is enrolled in a qualifying plan, the
11 officer or employee shall be offered the opportunity to enroll with a health
12 maintenance organization when the option becomes available. If a health
13 maintenance organization is available within fifty miles and it is determined
14 by the department of administration that there is an insufficient number of
15 medical providers in the organization, the department may provide for a
16 change in enrollment from plans designated by the director when additional
17 medical providers join the organization.

18 I. Notwithstanding the provisions of subsection H of this section,
19 officers and employees who enroll in a qualifying plan and reside outside the
20 area of a qualifying health maintenance organization shall be offered the
21 option to enroll with a qualified health maintenance organization offered
22 through their provider under the same premiums as if they lived within the
23 area boundaries of the qualified health maintenance organization, provided
24 that:

25 1. All medical services are rendered and received at an office
26 designated by the qualifying health maintenance organization or at a facility
27 referred by the health maintenance organization.

28 2. All nonemergency or nonurgent travel, ambulatory and other expenses
29 from the residence area of the officer or employee to the designated office
30 of the qualifying health maintenance organization or the facility referred
31 by the health maintenance organization shall be the responsibility of and at
32 the expense of the officer or employee.

33 3. All emergency or urgent travel, ambulatory and other expenses from
34 the residence area of the officer or employee to the designated office of the
35 qualifying health maintenance organization or the facility referred by the
36 health maintenance organization shall be paid pursuant to any agreement
37 between the health maintenance organization and the officer or employee
38 living outside the area of the qualifying health maintenance organization.

39 J. The department of administration shall allow any school district
40 in this state that meets the requirements of section 15-388, a charter school
41 in this state that meets the requirements of section 15-187.01 or a city,
42 town, county, community college district, special taxing district, authority
43 or public entity organized pursuant to the laws of this state that meets the
44 requirements of section 38-656 to participate in the health and accident

1 coverage prescribed in this section. A school district, a charter school,
2 a city, a town, a county, a community college district, a special taxing
3 district, an authority or any public entity organized pursuant to the laws
4 of this state rather than the state shall pay directly to the benefits
5 provider the premium for its employees.

6 K. The department of administration shall determine the actual
7 administrative and operational costs associated with school districts,
8 charter schools, cities, towns, counties, community college districts,
9 special taxing districts, authorities and public entities organized pursuant
10 to the laws of this state participating in the state health and accident
11 insurance coverage. These costs shall be allocated to each school district,
12 charter school, city, town, county, community college district, special
13 taxing district, authority and public entity organized pursuant to the laws
14 of this state based upon the total number of employees participating in the
15 coverage.

16 L. Insurance providers contracting with the state shall separately
17 maintain records that delineate claims and other expenses attributable to
18 participation of a school district, charter school, city, town, county,
19 community college district, special taxing district, authority and public
20 entity organized pursuant to the laws of this state in the state health and
21 accident insurance coverage and, by November 1 of each year, shall report to
22 the department of administration the extent to which state costs are impacted
23 by participation of school districts, charter schools, cities, towns,
24 counties, community college districts, special taxing districts, authorities
25 and public entities organized pursuant to the laws of this state in the state
26 health and accident insurance coverage. By December 1 of each year, the
27 director of the department of administration shall submit a report to the
28 president of the senate and the speaker of the house of representatives
29 detailing the information provided to the department by the insurance
30 providers and including any recommendations for possible legislative action.

31 M. Any person that submits a bid to provide health and accident
32 coverage pursuant to this section shall disclose any court or administrative
33 judgments or orders issued against that person within the last ten years
34 before the submittal.

35 Sec. 12. Section 41-621, Arizona Revised Statutes, is amended to read:
36 41-621. Purchase of insurance; coverage; limitations;
37 exclusions; definitions

38 A. The department of administration shall obtain insurance against
39 loss, to the extent it is determined necessary and in the best interests of
40 the state as provided in subsection F of this section, on the following:

41 1. All state owned buildings, including those of the universities,
42 excluding buildings of community colleges, whether financed in whole or in
43 part by state monies or buildings in which the state has an insurable
44 interest as determined by the department of administration.

1 2. Contents in any buildings owned, leased or rented, in whole or in
2 part, by or to the state, excluding buildings of community colleges, and
3 reported to the department of administration.

4 3. The state and its departments, agencies, boards and commissions and
5 all officers, agents and employees thereof and such others as may be
6 necessary to accomplish the functions or business of the state and its
7 departments, agencies, boards and commissions against liability for acts or
8 omissions of any nature while acting in authorized governmental or
9 proprietary capacities and in the course and scope of employment or
10 authorization except as prescribed by this chapter.

11 4. All personal property reported to the department of administration,
12 including vehicles and aircraft owned by the state and its departments,
13 agencies, boards and commissions and all non-owned personal property which
14 is under the clear responsibility of this state because of written leases or
15 other written agreements.

16 5. The state and its departments, agencies, boards and commissions
17 against casualty, use and occupancy and liability losses of every nature
18 except as prescribed by this chapter.

19 6. Workers' compensation and employers' liability insurance.

20 7. Design and construction of buildings, roads, environmental
21 remediations and other construction projects.

22 8. Other exposures to loss where insurance may be required to protect
23 this state and its departments, agencies, boards and commissions and all
24 officers, agents and employees acting in the course and scope of employment
25 or authorization except as prescribed by this chapter.

26 B. To the extent it is determined necessary and in the best interests
27 of the state, the department of administration shall obtain insurance or
28 provide for state self-insurance against property damage caused by clients
29 and liability coverage resulting from, the direct or incidental care of
30 clients participating in programs of the state and its departments, agencies,
31 boards or commissions relating to custodial care. The insurable programs
32 shall include foster care, programs for the developmentally disabled, an
33 independent living program pursuant to section 8-521 and respite-sitter
34 service programs. The department shall obtain insurance or provide for state
35 self-insurance pursuant to this subsection to protect the clients
36 participating in these programs and individual providers of these program
37 services on behalf of the state and its departments, agencies, boards or
38 commissions. THE DEPARTMENT MAY PROVIDE SELF-INSURANCE FOR MEDICAL AND
39 DENTAL COVERAGE FOR THESE PROGRAM PROVIDERS PURSUANT TO SECTION 38-651.
40 SELF-INSURANCE FOR MEDICAL AND DENTAL COVERAGE MAY BE PROVIDED PURSUANT TO
41 THIS SUBSECTION ONLY AFTER APPROVAL BY THE JOINT LEGISLATIVE BUDGET
42 COMMITTEE. PARTICIPATING PROGRAM PROVIDERS SHALL PAY THE FULL COST OF ANY
43 MEDICAL AND DENTAL COVERAGE THEY RECEIVE. PARTICIPATING PROGRAM PROVIDERS
44 MAY ALLOCATE SOME OR ALL OF THE COSTS OF THE MEDICAL AND DENTAL COVERAGE TO

1 THEIR EMPLOYEES. The insurance provided under this subsection does not
2 include medical or workers' compensation coverage for providers. The
3 department may include in its annual budget request pursuant to section
4 41-622, subsection D a charge for the insurance or self-insurance provided
5 in this subsection. To assist in carrying out the provisions of this
6 subsection, the department shall establish a seven member advisory board in
7 accordance with the following provisions:

8 1. The board shall consist of three members appointed by the director
9 of the department of administration, at least one of whom shall be a foster
10 parent, two members appointed by the director of the department of economic
11 security, one member appointed by the director of the state department of
12 corrections, and one member appointed by the administrative director of the
13 courts.

14 2. The board shall elect a chairman from among its members.

15 3. The board shall hold at least two meetings a year or shall meet at
16 the call of the chairman.

17 4. Board members shall serve for three year terms.

18 5. Board members are not eligible to receive compensation but are
19 eligible for reimbursement of expenses pursuant to title 38, chapter 4,
20 article 2.

21 6. The board shall provide advice to the department regarding coverage
22 and administration of the provisions of this subsection and shall assist the
23 department in coordinating its activities pursuant to this subsection with
24 state departments, agencies, boards and commissions.

25 C. The department of administration may obtain insurance against loss,
26 to the extent it is determined necessary and in the best interests of the
27 state as provided in subsection F of this section for the professional
28 liability of individual physicians and psychiatrists who provide services
29 under a contract with the state department of corrections. Coverage is
30 limited to acts and omissions committed inside a state department of
31 corrections facility while in the performance of the contract and to
32 individual physicians and psychiatrists who demonstrate to the satisfaction
33 of the state department of corrections that they cannot otherwise obtain
34 professional liability coverage for the services required by the contract.
35 The director of the department of administration may impose on the state
36 department of corrections a deductible of not more than ten thousand dollars
37 per loss that arises out of a professional liability claim pursuant to this
38 subsection. Deductible amounts established by the director shall be subject
39 to annual review by the joint legislative budget committee.

40 D. The department of administration may obtain property, liability,
41 disability or workers' compensation insurance, self-insure or develop risk
42 retention pools to provide for payment of property loss or casualty claims
43 or disability insurance claims against contractors of this state with the
44 approval of the joint legislative budget committee. With respect to

1 insurance, self-insurance or risk retention pools for contractors licensed
2 and contracted to do work for this state, the coverage afforded applies with
3 respect to the conduct of the business entity of that contractor. The pool
4 is available to all contractors regardless of the amount that the state
5 contracted work bears in relation to the amount of nonstate contracted work.
6 The contractor shall be terminated from the pool if the contractor ceases to
7 be a state contractor.

8 E. The department of administration may determine, in the best
9 interests of the state, that state self-insurance is necessary or desirable
10 and, if that decision is made, shall provide for state self-insurance for
11 losses arising out of state property, liability or workers' compensation
12 claims prescribed by subsection A of this section. If the department of
13 administration provides state self-insurance, such coverage shall be excess
14 over any other valid and collectible insurance. The director of the
15 department of administration may impose on state departments, agencies,
16 boards and commissions a deductible of not more than ten thousand dollars per
17 loss that arises out of a property, liability or workers' compensation loss
18 pursuant to this subsection. Deductible amounts established by the director
19 shall be subject to annual review by the joint legislative budget committee.

20 F. In carrying out the provisions of this chapter, the department of
21 administration shall establish and provide the state with some or all of the
22 necessary risk management services, or shall contract for risk management
23 services pursuant to chapter 23 of this title, as the director of the
24 department of administration deems necessary in the best interest of the
25 state, and may, in addition to other specifications of such coverage as
26 deemed necessary, determine self-insurance to be established. The provisions
27 of chapter 23 of this title shall not apply to the department of
28 administration's procurement of insurance to cover losses arising out of
29 state property or liability claims prescribed in subsections A and D of this
30 section or excess loss insurance for the state's workers' compensation
31 liability for individual or aggregate claims, or both, in such amounts and
32 at such primary retention levels as the department of administration deems
33 in the best interest of the state. In purchasing insurance to cover losses
34 arising out of state property or liability claims prescribed by subsection
35 A of this section, the department of administration is not subject to the
36 provisions of title 20, chapter 2, article 5.

37 G. No successful bidder for risk management services pursuant to this
38 section shall be entitled to receive directly or indirectly any sales
39 commission, contingent commission, excess profit commission, or other
40 commissions, or anything of value, as payment for the risk management
41 services except those amounts received directly from this state as payment
42 for the risk management services.

43 H. The department of administration shall pay for purchased risk
44 management services, premiums for insurance on state property and state

1 liability and workers' compensation pursuant to the provisions of this
2 chapter.

3 I. A state officer, agent or employee acting in good faith, without
4 wanton disregard of his statutory duties and under the authority of an
5 enactment that is subsequently declared to be unconstitutional, invalid or
6 inapplicable is not personally liable for an injury or damage caused thereby
7 except to the extent that he would have been personally liable had the
8 enactment been constitutional, valid and applicable.

9 J. A state officer, agent or employee, except as otherwise provided
10 by statute, is not personally liable for an injury or damage resulting from
11 his act or omission in a public official capacity where the act or omission
12 was the result of the exercise of the discretion vested in him if the
13 exercise of the discretion was done in good faith without wanton disregard
14 of his statutory duties.

15 K. The state and its departments, agencies, boards and commissions are
16 immune from liability for losses arising out of a judgment for willful and
17 wanton conduct resulting in punitive or exemplary damages.

18 L. The following exclusions shall apply to subsections A, B and E of
19 this section:

20 1. Losses against this state and its departments, agencies, boards and
21 commissions that arise out of and are directly attributable to an act or
22 omission determined by a court to be a felony by a person who is provided
23 coverage pursuant to this article unless the state knew of the person's
24 propensity for that action, except those acts arising out of the operation
25 or use of a motor vehicle.

26 2. Losses arising out of contractual breaches.

27 M. If self-insurance coverage is determined to exist, the attorney
28 general, with funds provided by the department of administration, shall
29 provide for the defense, either through his office or by appointment of
30 outside legal counsel, of the state and its departments, agencies, boards and
31 commissions and all officers, agents and employees thereof and such others
32 as are insured by the department of administration for or on account of their
33 acts or omissions covered pursuant to this chapter. All state departments,
34 agencies, boards and commissions, all officers, agents and employees thereof
35 and such others as are insured by the department of administration shall
36 cooperate fully with the attorney general and department of administration
37 in the defense of claims arising pursuant to this chapter.

38 N. A claim for liability damages made pursuant to this chapter may be
39 settled and payment made up to the amount of twenty-five thousand dollars or
40 such higher limit as may be established by the joint legislative budget
41 committee with the approval of the director of the department of
42 administration. A claim over the amount of twenty-five thousand dollars up
43 to fifty thousand dollars or such higher limit as may be established by the
44 joint legislative budget committee may be settled and payment made with the

1 approval of the director of the department of administration and the attorney
2 general. Any claim over the amount of fifty thousand dollars or such higher
3 limit as may be established by the joint legislative budget committee may be
4 settled and payment made with the approval of the director of the department
5 of administration, the attorney general and the joint legislative budget
6 committee. If it is in the best interest of this state, the joint
7 legislative budget committee may establish higher settlement limits. Any
8 settlements involving amounts in excess of fifty thousand dollars or such
9 higher limit as may be established by the joint legislative budget committee
10 shall be approved by the department of administration, the attorney general
11 and the joint legislative budget committee pursuant to the authority granted.
12 The settlement of liability claims shall be solely the authority of the
13 department of administration, the attorney general and the joint legislative
14 budget committee. No state department, agency, board or commission or any
15 officer, agent or employee of this state may voluntarily make any payment,
16 assume any obligation, incur any expense or maintain the individual right of
17 consent for liability claims made pursuant to this chapter except as provided
18 by this section.

19 O. Neither the authority provided by this section to insure, nor the
20 exercise of such authority, shall:

21 1. Impose any liability on this state or the departments, agencies,
22 boards and commissions or any officers, agents and employees of this state
23 unless such liability otherwise exists.

24 2. Impair any defense this state or the departments, agencies, boards
25 and commissions or any officers, agents and employees of this state otherwise
26 may have.

27 P. The department of administration shall pay, on behalf of any state
28 officer, agent or employee, any damages, excluding punitive damages, for
29 which the officer, agent or employee becomes legally responsible if the acts
30 or omissions resulting in liability were within the officer's, agent's or
31 employee's course and scope of employment. The department of administration
32 may pay for all damages however designated which the officer, agent or
33 employee becomes legally responsible for if the acts or omissions resulting
34 in liability are determined by the director of the department of
35 administration to be within the person's course and scope of employment.

36 Q. The department of administration shall adopt such rules as are
37 deemed necessary to carry out, implement and limit the provisions of this
38 chapter.

39 R. For purposes of determining whether a state officer, agent or
40 employee is entitled to coverage under this chapter, "within the course and
41 scope of employment or authorization" means:

42 1. The acts or omissions that the state officer, agent or employee is
43 employed or authorized to perform.

1 2. The acts or omissions of the state officer, agent or employee occur
2 substantially within the authorized time and space limit.

3 3. The acts or omissions are activated at least in part by a purpose
4 to serve this state or its departments, agencies, boards or commissions.

5 S. To the extent it is determined necessary and in the best interest
6 of this state, the department of administration may obtain design and
7 construction insurance or provide for self-insurance against property damage
8 caused by this state, its departments, agencies, boards and commissions and
9 all officers and employees of this state in connection with the construction
10 of public works projects. Workers' compensation liability insurance may be
11 purchased to cover both general contractors and subcontractors doing work on
12 a specific contracted work site. The department may include in its annual
13 budget request, pursuant to section 41-622, subsection D, the cost of the
14 insurance purchased or provided. In connection with the construction of
15 public works projects, the department of administration may also use an
16 owner-controlled or wrap-up insurance program if all of the following
17 conditions are met:

18 1. The total cost of the project is over fifty million dollars.

19 2. The program maintains completed operations coverage for a term
20 during which coverage is reasonably commercially available as determined by
21 the director of the department of insurance, but in no event for less than
22 three years.

23 3. Bid specifications clearly specify for all bidders the insurance
24 coverage provided under the program and the minimum safety requirements that
25 shall be met.

26 4. The program does not prohibit a contractor or subcontractor from
27 purchasing any additional insurance coverage that a contractor believes is
28 necessary for protection from any liability arising out of the contract. The
29 cost of the additional insurance shall not be passed through to this state
30 on a contract bid.

31 5. The program does not include surety insurance.

32 ~~6.~~ T. The state may purchase an owner-controlled or wrap-up policy
33 that has a deductible or self-insured retention as long as the deductible or
34 self-insured retention does not exceed one million dollars.

35 ~~F.~~ U. For purposes of subsections SUBSECTIONS S AND T of this section:

36 1. "Owner-controlled or wrap-up insurance" means a series of insurance
37 policies issued to cover this state and all of the contractors,
38 subcontractors, architects and engineers on a specified contracted work site
39 for purposes of general liability, property damage and workers' compensation.

40 2. "Specific contracted work site" means construction being performed
41 at one site or a series of contiguous sites separated only by a street,
42 roadway, waterway or railroad right-of-way, or along a continuous system for
43 the provision of water and power.

1 Sec. 13. Section 41-1609.02, Arizona Revised Statutes, is amended to
2 read:

3 41-1609.02. Establishment of private prison facilities; notice;
4 hearing

5 A. BEFORE EXPANDING AN EXISTING MINIMUM OR MEDIUM SECURITY LEVEL
6 PRISON OR BEFORE ESTABLISHING A NEW MINIMUM OR MEDIUM SECURITY LEVEL PRISON,
7 THE DIRECTOR SHALL GIVE CONSIDERATION TO CONTRACTING FOR PRIVATE PRISONS FOR
8 THE INCARCERATION OF:

9 1. PRISONERS CONVICTED OF OFFENSES PURSUANT TO TITLE 28, CHAPTER 4,
10 ARTICLE 3.

11 2. PRISONERS CONVICTED OF OFFENSES PURSUANT TO TITLE 13, CHAPTER 14.

12 3. FEMALE PRISONERS.

13 4. PRISONERS OVER THE AGE OF FIFTY-FIVE YEARS.

14 5. OTHER INMATE POPULATIONS IDENTIFIED BY THE DIRECTOR.

15 B. BEFORE ENTERING INTO A CONTRACT WITH A PRIVATE PRISON FACILITY
16 CONTRACTOR FOR THE INCARCERATION OF PRISONERS LISTED IN SUBSECTION A OF THIS
17 SECTION, THE DIRECTOR SHALL DETERMINE THAT THE CONTRACTOR WILL PROVIDE AT
18 LEAST THE SAME QUALITY OF SERVICES AS THIS STATE AT A LOWER COST OR THAT THE
19 CONTRACTOR WILL PROVIDE SERVICES SUPERIOR IN QUALITY TO THOSE PROVIDED BY
20 THIS STATE AT ESSENTIALLY THE SAME COST. IN MAKING THIS DETERMINATION, THE
21 DIRECTOR SHALL CONSIDER THE FOLLOWING:

22 1. SECURITY.

23 2. INMATE MANAGEMENT AND CONTROL.

24 3. INMATE PROGRAMS AND SERVICES.

25 4. FACILITY SAFETY AND SANITATION.

26 5. ADMINISTRATION.

27 6. FOOD SERVICE.

28 7. PERSONNEL PRACTICES AND TRAINING.

29 8. INMATE HEALTH SERVICES.

30 9. INMATE DISCIPLINE.

31 C. THE DIRECTOR SHALL IDENTIFY FROM SUBSECTION A OF THIS SECTION, THE
32 APPROPRIATE INMATE POPULATION FOR PLACEMENT IN PRIVATIZED BEDS AND THE
33 CORRESPONDING NUMBER OF INMATES. THE DIRECTOR SHALL REPORT THE INFORMATION
34 TO THE GOVERNOR, THE LEGISLATURE AND THE JOINT SELECT COMMITTEE ON
35 CORRECTIONS BY OCTOBER 15 OF EVERY YEAR FOR CONSIDERATION IN DETERMINING
36 EXPANSION OF PRISON CAPACITY.

37 ~~A.~~ D. The director may establish OTHER private incarceration
38 facilities that are dedicated to the confinement of persons who are sentenced
39 to the department.

40 ~~B.~~ E. Before incurring any obligation for the establishment of ~~a~~ ANY
41 private incarceration facility, the department shall give at least sixty
42 days' written notice to all of the following:

43 1. The president of the senate.

44 2. The speaker of the house of representatives.

1 F. The committee shall prepare an annual report of the recommendations
2 of the committee and submit it to the governor, president of the senate and
3 speaker of the house of representatives, no later than October 15 of every
4 year.

5 Sec. 15. Section 41-1624, Arizona Revised Statutes, is amended to
6 read:

7 41-1624. Arizona correctional industries revolving fund;
8 definitions

9 A. The director may establish a revolving fund to be used to pay the
10 expenses required:

11 1. For the purchase of raw materials, components and supplies to be
12 used for the production of food and other items to be sold by the
13 department's Arizona correctional industries.

14 2. For the compensation of prisoners and Arizona correctional
15 industries professional and outside services.

16 3. For the purchase or rental of equipment to be used by the
17 department's Arizona correctional industries.

18 4. For the construction or reconstruction of facilities.

19 5. For other operating expenses and in-state travel.

20 6. For the purchase of workers' compensation insurance for inmates who
21 are employed in a federally certified prison industry enhancement program
22 pursuant to section 41-1674.

23 7. FOR PRISONER INSTRUCTION RELATED TO VOCATIONAL EDUCATION, JOB
24 TRAINING, PARENTING AND ALCOHOL AND OTHER DRUG USE TREATMENT CLASSES.

25 B. Monies received for or derived from the operation of Arizona
26 correctional industries, including monies from the sale of obsolete or
27 unneeded material, supplies, equipment or property, shall be deposited,
28 pursuant to sections 35-146 and 35-147, in a specially designated revolving
29 fund and expended without need of previous encumbrance upon warrants drawn
30 upon order of the director or the director's designee. The fund is a
31 continuing fund and is exempt from the provisions of section 35-190.

32 C. On notice from the director, the state treasurer shall invest and
33 divest monies in the fund as provided by section 35-313, and monies earned
34 from investment shall be credited to the fund.

35 D. For the purposes of this section:

36 1. "Components" means the parts, subassemblies and packaging materials
37 that will become part of a final product or service.

38 2. "Raw materials" means the materials that are converted or combined
39 during the manufacturing process.

40 Sec. 16. Laws 2001, chapter 238, section 20 is amended to read:

41 Sec. 20. Transfer and use of monies; department of law; child
42 abuse cases; exemption; reversion; report

43 A. Notwithstanding section 41-191.03, subsection E, Arizona Revised
44 Statutes, the sum of \$1,600,000 is transferred from the remaining excess

1 monies in the collection enforcement revolving fund in fiscal year 2001-2002
2 to the department of law federal funds account (AGA 2117) for use by the
3 department for the purpose of eliminating a backlog of child abuse cases and
4 to meet new case processing timelines established in section 8-824, Arizona
5 Revised Statutes. Monies transferred by this section are exempt from the
6 provisions of section 35-190, Arizona Revised Statutes, relating to lapsing
7 of appropriations. ~~Transferred monies remaining in AGA 2117 at the end of~~
8 ~~fiscal year 2001-2002 revert to the state general fund.~~

9 B. The attorney general shall submit a report to the joint legislative
10 budget committee on July 1, 2001 and quarterly thereafter until October 1,
11 2002. The report shall provide a summary of projected expenditures by line
12 item for the following quarter, including the number of full-time equivalent
13 positions and federal matching funds. The report shall also reflect actual
14 expenditures for the previous quarter and shall include the reduction in the
15 backlog of cases, the number of children placed, the type of placement and
16 the number of children still awaiting placement.

17 Sec. 17. Laws 2001, second special session, chapter 2, section 22 is
18 amended to read:

19 Sec. 22. WQARF transfer from corporate income tax; suspension

20 A. Notwithstanding section 49-282, subsection B, Arizona Revised
21 Statutes, or any other law, the state treasurer shall transfer only
22 \$5,000,000 from the corporate income tax collected pursuant to title 43,
23 chapter 11, article 2, Arizona Revised Statutes, to the water quality
24 assurance revolving fund in fiscal year 2001-2002. These monies are in
25 addition to revenues from sources specified in section 49-282, subsection A,
26 paragraphs 2 through 11 and 13, Arizona Revised Statutes. No monies from the
27 transaction privilege and severance TAX clearing account established pursuant
28 to section 42-5029, subsection D, paragraph 4, Arizona Revised Statutes,
29 shall be deposited in the water quality assurance revolving fund in fiscal
30 year 2001-2002.

31 B. Notwithstanding section 49-282, subsection B, Arizona Revised
32 Statutes, or any other law, the state treasurer shall ~~not transfer any amount~~
33 ~~ONLY \$10,000,000~~ from the corporate income tax collected pursuant to title
34 43, chapter 11, article 2, Arizona Revised Statutes, to the water quality
35 assurance revolving fund in fiscal year 2002-2003. No monies from the
36 transaction privilege and severance TAX clearing account established pursuant
37 to section 42-5029, subsection D, paragraph 4, Arizona Revised Statutes,
38 shall be deposited in the water quality assurance revolving fund in fiscal
39 year ~~2002-2003~~. ~~Any monies deposited in the water quality assurance~~
40 ~~revolving fund in fiscal year 2002-2003 that are in addition to revenues from~~
41 ~~sources specified in section 49-282, subsection A, paragraphs 2 through 11~~
42 ~~and 13, Arizona Revised Statutes, shall be appropriated by the legislature~~
43 ~~as specified in the general appropriations act.~~ THESE MONIES ARE IN ADDITION

1 TO REVENUES FROM SOURCES SPECIFIED IN SECTION 49-282, SUBSECTION A,
2 PARAGRAPHS 2 THROUGH 11 AND 13, ARIZONA REVISED STATUTES.

3 Sec. 18. Department of public safety; notice to federal bureau
4 of investigation; firearms checks

5 The director of the department of public safety shall notify the
6 director of the federal bureau of investigation that the responsibility to
7 perform background checks to determine whether purchases, sales or transfers
8 of firearms to any person violate any federal law or any law of this state
9 prohibiting the possession of firearms is transferred to the federal bureau
10 of investigation on the effective date of this act.

11 Sec. 19. Tourism and sports authority; fiscal year 2002-2003
12 clearing account transfer

13 Notwithstanding section 5-835, subsection B, paragraph 2, Arizona
14 Revised Statutes, for fiscal year 2002-2003 the treasurer of the tourism and
15 sports authority shall transfer only \$2,000,000 from monies in the tourism
16 revenue clearing account to the tourism fund and shall transfer \$2,200,000
17 from monies in the tourism revenue clearing account to the state general
18 fund.

19 Sec. 20. Justices of the peace; payment of compensation; fiscal
20 year 2002-2003

21 Notwithstanding section 22-117, subsection B, Arizona Revised Statutes,
22 for fiscal year 2002-2003, the state shall pay 38.5 per cent of the
23 compensation and employee related expenditures of a justice of the peace and
24 the county shall pay 61.5 per cent of the compensation and employee related
25 expenditures of a justice of the peace, except that the county shall pay the
26 full amount of the employer contribution of the state retirement system or
27 plan or any county health plan.

28 Sec. 21. Employer contribution rate; public safety retirement

29 Notwithstanding section 38-843, Arizona Revised Statutes, the two per
30 cent employer contribution rate floor established for the public safety
31 personnel retirement system is suspended for fiscal year 2002-2003.

32 Sec. 22. Proceeds from disposal of surplus materials;
33 allocation; state agencies

34 Notwithstanding the rules adopted pursuant to section 41-2607, Arizona
35 Revised Statutes, for fiscal year 2002-2003 all proceeds from the sale,
36 transfer, lease or disposal of excess and surplus materials by the state
37 agencies, except the department of public safety and the department of
38 transportation, shall be deposited in the state general fund.

39 Sec. 23. Natural resources conservation districts;
40 environmental special plate fund

41 Notwithstanding section 37-1015, subsection E, Arizona Revised
42 Statutes, up to \$490,000 of monies available in the environmental special
43 plate fund may be allocated to the state land department in the general
44 appropriations act to provide funding for natural resources conservation

1 district expenses and programs in fiscal year 2002-2003. These monies are
2 in addition to the funding provided by section 37-1015, subsection B, Arizona
3 Revised Statutes.

4 Sec. 24. Vehicle license tax deposits

5 Notwithstanding section 28-5808, Arizona Revised Statutes, relating to
6 vehicle license tax distributions, fifty per cent of any increase in vehicle
7 license tax collections due to vehicle registration enforcement in the motor
8 vehicle division of the department of transportation shall be deposited in
9 the state general fund, and the remaining fifty per cent shall be distributed
10 pursuant to section 28-5808, Arizona Revised Statutes.

11 Sec. 25. Implementation of state self-insurance; procedures

12 The department of administration shall implement the self-insurance
13 requirements of section 38-651, Arizona Revised Statutes, as amended by this
14 act, on or before October 1, 2003 and shall provide reports on the
15 implementation process to the joint legislative budget committee every two
16 months between the effective date of this act and October 1, 2003.

17 Sec. 26. Vehicle license tax; railroad corridor; acquisition

18 A. Notwithstanding section 28-5808, subsection A, Arizona Revised
19 Statutes, in fiscal year 2002-2003, the director of the department of
20 transportation shall deposit six hundred fifty thousand dollars in a special
21 account established by the department of administration for the purpose
22 prescribed in subsection C of this section.

23 B. The monies deposited pursuant to subsection A of this section shall
24 be from the portion of monies distributed pursuant to section 28-5808,
25 subsection A, Arizona Revised Statutes, that would be deposited in the state
26 highway fund. The deposit of these monies in the special account shall not
27 in any way impact distributions of vehicle license tax revenues to the state
28 general fund and to cities, towns or counties pursuant to section 28-5808,
29 Arizona Revised Statutes.

30 C. On the approval of the state transportation board, the department
31 of transportation shall use the monies from the special account to acquire
32 the seventy-eight mile railroad corridor running from west Phoenix to
33 Wellton, Arizona. The department shall preserve a sufficient portion of the
34 corridor to accommodate future freight or passenger rail service.

35 D. The department of transportation's acquisition of this railroad
36 corridor does not alter or impact any existing agreements or permits that
37 have been entered into or obtained by utility companies located within the
38 existing railroad corridor.

39 E. Any recovery from the sale of the corridor, or portion of the
40 corridor, or assets on the property after the acquisition in subsection C of
41 this section is complete shall be deposited in the state highway fund.

42 F. The monies in the special account established pursuant to
43 subsection A of this section are exempt from the provisions of section
44 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

1 Sec. 27. State lake improvement fund; travel

2 Notwithstanding any other law, state lake improvement fund monies shall
3 not be used for out-of-state travel by either state parks board members or
4 staff.

5 Sec. 28. Alternative fuel diesel conversion grants; procedures

6 Notwithstanding any other law, if an applicant for a grant for
7 conversion of a diesel vehicle has entered into a contract after June 30,
8 2002, and before July 1, 2003, with a conversion vendor but the conversion
9 has not been completed before the application is filed with the department
10 of environmental quality, the following procedures apply:

11 1. If the department of environmental quality determines that the
12 applicant is eligible for a grant on completion of the conversion and
13 registration of the vehicle, the department of environmental quality shall
14 issue a preapproval letter to the applicant and encumber monies equal to the
15 grant amount.

16 2. The following information shall be submitted with the application
17 before the issuance of a preapproval letter:

18 (a) A dated contract signed by the applicant and the conversion
19 vendor.

20 (b) A copy of the title and validated vehicle registration for an
21 existing vehicle or a copy of the sales contract or purchase order for a new
22 vehicle.

23 3. Applications that have been preapproved shall be placed on an
24 application priority list, and:

25 (a) Applications on the application priority list shall remain on the
26 list for a period of one hundred eighty days.

27 (b) An application that has been on the application priority list for
28 more than one hundred eighty days shall be deleted from the list unless the
29 applicant is granted an extension by the department of environmental quality
30 before the end of the one hundred eighty day period.

31 Sec. 29. Adult and juvenile probation programs; reimbursement
32 of costs

33 A. The administrative office of the courts shall proportionately
34 allocate the funds designated for probation program cost sharing to the
35 county adult and juvenile probation departments and require the county to
36 quarterly reimburse the administrative office of the courts their allocation
37 for fiscal year 2002-2003. The administrative office of the courts shall
38 deposit the monies pursuant to sections 35-146 and 35-147, Arizona Revised
39 Statutes, in the appropriate probation program line items in the superior
40 court program.

41 B. The county shall make the reimbursement for costs pursuant to
42 subsection A of this section within thirty days after a request. If the
43 county does not make the reimbursement, the administrative director of the
44 courts shall notify the state treasurer of the amounts owed and the treasurer

1 shall withhold the amount, including any additional amount as provided in
2 section 42-1123, Arizona Revised Statutes, from any transaction privilege tax
3 distributions to the county. The treasurer shall deposit the withholdings
4 pursuant to sections 35-146 and 35-147, Arizona Revised Statutes, in the
5 appropriate probation program line items in the superior court program.

6 C. Subsections A and B of this section do not apply to counties with
7 populations of less than five hundred thousand persons.

8 Sec. 30. Private incarceration facility; reimbursement of
9 costs; procurement exemption

10 A. Beginning October 1, 2002, the state department of corrections may
11 contract with a private incarceration facility for the placement of Arizona
12 inmates either within or outside this state. The contract shall limit the
13 average daily inmate population to not greater than four hundred forty-five
14 beds. The per diem rate per bed shall be capped at \$43.60 and the department
15 shall submit the negotiated rate to the joint legislative budget committee
16 for review before finalizing the contract.

17 B. This state shall pay the costs of the per diem up to \$30.00 per bed
18 and any cost above \$30.00 per bed up to the per diem cap of \$43.60 shall be
19 paid proportionally between Maricopa county and Pima county. The director
20 of the state department of corrections shall monthly determine the counties'
21 share of incarceration costs and shall proportionally allocate the costs
22 eighty-two per cent to Maricopa county and eighteen per cent to Pima
23 county. The director shall notify the state treasurer of the amounts owed
24 and the treasurer shall withhold the amount from any transaction privilege
25 tax distributions to the county. The treasurer shall deposit, pursuant to
26 sections 35-146 and 35-147, Arizona Revised Statutes, the withholdings in the
27 corrections fund established by section 41-1641, Arizona Revised
28 Statutes. Any monies withheld pursuant to this section and deposited in the
29 corrections fund are appropriated to the state department of corrections for
30 costs associated with this section.

31 C. Notwithstanding any other law, for fiscal year 2002-2003 the state
32 department of corrections is exempt from the provisions of title 41, chapter
33 25, Arizona Revised Statutes, for private incarceration facility contracts.
34 All other procurement by the department shall be as prescribed by title 41,
35 chapter 25, Arizona Revised Statutes.

36 D. Payments by Maricopa and Pima counties pursuant to subsection B of
37 this section expire on June 30, 2003.

38 Sec. 31. Exemption from rulemaking

39 The director of the department of agriculture is exempt from title 41,
40 chapter 6, Arizona Revised Statutes, through June 30, 2003, with respect to
41 the adoption of rules to establish inspection fees pursuant to section
42 3-1344, Arizona Revised Statutes, as amended by this act and transfer fees
43 pursuant to section 3-1345, Arizona Revised Statutes, as amended by this act,
44 except that the director shall provide for reasonable public notice and

1 comment on the rules. The director of the department of agriculture shall
2 file the final rules with the office of the secretary of state. The rules
3 shall take effect immediately on filing with the office of the secretary of
4 state.

5 Sec. 32. Conforming legislation

6 The legislative council staff shall prepare proposed legislation
7 conforming Arizona Revised Statutes to the changes in section 8 of this act,
8 relating to the division of boxing regulation, for consideration in the
9 forty-sixth legislature, first regular session.

**THIS BILL HAVING REMAINED WITH THE GOVERNOR TEN DAYS, SUNDAYS EXCLUDED,
AFTER FINAL ADJOURNMENT OF THE LEGISLATURE, AND NOT HAVING BEEN FILED
WITH HIS OBJECTIONS, HAS BECOME A LAW THIS 4 DAY OF JUNE, 2002.**

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 4, 2002.

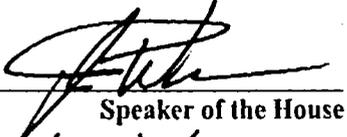


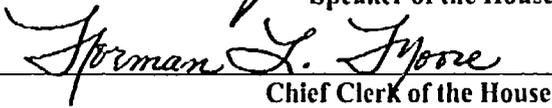
HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

May 23, 2002,

by the following vote: 39 Ayes,

13 Nays, 8 Not Voting


Speaker of the House

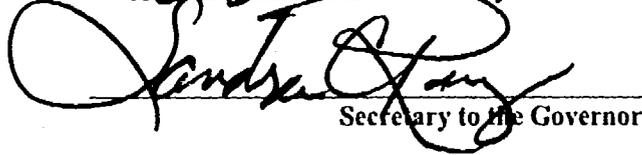

Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

23 day of May, 2002,

at 5:28 o'clock P. M.


Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

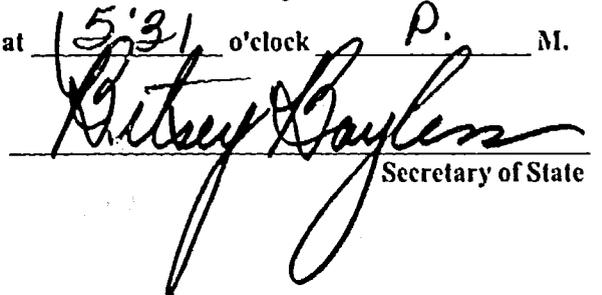
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 4 day of June, 2002

at 5:31 o'clock P. M.


Secretary of State

H.B.2708

Passed the House May 9, 2002

by the following vote: 33 Ayes,

24 Nays, 3 Not Voting

[Signature]
Speaker of the House

Cheyl Laube
Assistant Chief Clerk of the House

Passed the Senate May 22, 2002

by the following vote: 18 Ayes,

10 Nays, 2 Not Voting

[Signature]
President of the Senate

Charmine Bullington
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

H.B. 2708

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