

State of Arizona
House of Representatives
Forty-fifth Legislature
Third Special Session
2002

CHAPTER 1

HOUSE BILL 2004

AN ACT

AMENDING SECTIONS 5-522 AND 15-942, ARIZONA REVISED STATUTES; AMENDING SECTION 36-2901.06, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 8, SECTION 1; AMENDING SECTION 36-2921, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 7, SECTION 2; AMENDING SECTION 42-5029, ARIZONA REVISED STATUTES; AMENDING LAWS 2000, FIFTH SPECIAL SESSION, CHAPTER 2, SECTION 5; AMENDING LAWS 2001, CHAPTER 234, SECTION 2, AS AMENDED BY LAWS 2001, CHAPTER 374, SECTION 4 AND LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 7, SECTION 4; AMENDING LAWS 2001, CHAPTER 238, SECTION 22; AMENDING LAWS 2001, FIRST SPECIAL SESSION, CHAPTER 1, SECTION 7; REPEALING LAWS 2001, FIRST SPECIAL SESSION, CHAPTER 1, SECTION 8; AMENDING LAWS 2001, FIRST SPECIAL SESSION, CHAPTER 1, SECTION 9, AS AMENDED BY LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 8, SECTION 3; AMENDING LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 2, SECTION 26; AMENDING LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 6, SECTION 11; AMENDING LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 7, SECTION 21; PROVIDING FOR A TRANSFER OF MONIES; RELATING TO PUBLIC FINANCES OMNIBUS 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 5-522, Arizona Revised Statutes, is amended to
3 read:

4 5-522. Use of monies in state lottery fund

5 A. The monies in the state lottery fund shall be expended only for the
6 following purposes and in the order provided:

7 1. For the expenses of the commission incurred in carrying out its
8 powers and duties and in the operation of the lottery.

9 2. For payment to the commerce and economic development commission
10 fund established by section 41-1505.10 of not less than twenty-one and
11 one-half per cent of the revenues received from the sale of two special
12 lottery games conducted for the benefit of economic development.

13 3. Except as provided in subsection F of this section, for payment to
14 the local transportation assistance fund established by section 28-8101 of
15 not less than twenty-nine per cent of the revenues received from the sale of
16 multistate lottery games, up to a maximum of eighteen million dollars each
17 fiscal year.

18 4. For payment to the Arizona clean air fund established by section
19 41-1516 of not less than twenty-one and one-half per cent of the revenues
20 received from the sale of any instant bingo games conducted by the state
21 lottery and not less than twenty-nine per cent of the revenues received from
22 the sale of any on-line three-number games conducted by the state lottery,
23 up to a maximum of ten million dollars each fiscal year, except that if on
24 or before June 1 of each fiscal year the state lottery director determines
25 that monies available to the Arizona state parks board heritage fund under
26 subsection D of this section may not equal ten million dollars in that fiscal
27 year or that the monies available to the Arizona game and fish commission
28 heritage fund under subsection D of this section may not equal ten million
29 dollars in that fiscal year, or both, the director shall authorize deposits
30 to the Arizona state parks board heritage fund in an amount so that the total
31 monies in that fund in that fiscal year equal ten million dollars or to the
32 Arizona game and fish commission heritage fund in an amount so that the total
33 monies in that fund in that fiscal year equal ten million dollars, or both.
34 The state lottery director shall not make any deposits pursuant to this
35 paragraph until after the director's determination each fiscal year.

36 5. Of the monies remaining in the state lottery fund from the sale of
37 instant bingo games and on-line three-number games each fiscal year, thirty
38 per cent shall be allocated to the funds and programs described in subsection
39 E of this section and seventy per cent shall be deposited in the local
40 transportation assistance fund established by section 28-8101. The director
41 shall not allocate more than the amount specified in subsection E of this
42 section for each fiscal year to the funds and programs described in
43 subsection E of this section from the state lottery fund pursuant to this
44 paragraph and subsection E of this section. A maximum of eighteen million
45 dollars may be deposited in the local transportation assistance fund each

1 fiscal year from the state lottery fund pursuant to this paragraph and
2 paragraph 3 of this subsection.

3 B. Of the monies remaining in the state lottery fund after the
4 appropriations authorized in subsection A of this section seventy-five per
5 cent up to a maximum of twenty-three million dollars each fiscal year shall
6 be deposited in the local transportation assistance fund established pursuant
7 to section 28-8101 and twenty-five per cent up to a maximum of seven million
8 six hundred fifty thousand dollars each fiscal year shall be deposited in the
9 county assistance fund established pursuant to section 41-175. Monies
10 distributed pursuant to this subsection shall be in addition to monies
11 distributed pursuant to subsection A, paragraphs 3 and 5 of this section.

12 C. Notwithstanding subsection B of this section, if the state lottery
13 director determines at the beginning of any fiscal year that monies available
14 to cities, towns and counties under this section may not equal thirty million
15 six hundred fifty thousand dollars, then the director shall not authorize
16 deposits to the county assistance fund until the deposits to the local
17 transportation assistance fund equal twenty-three million dollars.

18 D. Of the monies remaining in the state lottery fund each fiscal year
19 after appropriations and deposits authorized in subsections A, B and C of
20 this section, ten million dollars shall be deposited in the Arizona state
21 parks board heritage fund established pursuant to section 41-502 and ten
22 million dollars shall be deposited in the Arizona game and fish commission
23 heritage fund established pursuant to section 17-297.

24 E. Of the monies remaining in the state lottery fund each fiscal year
25 after appropriations and deposits authorized in subsections A, B, C and D of
26 this section, and appropriations and deposits to the local transportation
27 assistance fund authorized by this section, five million dollars shall be
28 allocated to the department of economic security for the healthy families
29 program established by section 8-701, four million dollars shall be allocated
30 to the Arizona board of regents for the Arizona area health education system
31 established by section 15-1643, three million dollars shall be allocated to
32 the department of health services to fund the teenage pregnancy prevention
33 programs established in Laws 1995, chapter 190, sections 2 and 3, two million
34 dollars shall be allocated to the department of health services for the
35 health start program established by section 36-697, two million dollars shall
36 be deposited in the disease control research fund established by section
37 36-274 and one million dollars shall be allocated to the department of health
38 services for the federal women, infants and children food program. The
39 allocations in this subsection shall be adjusted annually according to
40 changes in the GDP price deflator as defined in section 41-563 and the
41 allocations are exempt from the provisions of section 35-190, relating to
42 lapsing of appropriations. If there are not sufficient monies available
43 pursuant to this subsection, the allocation of monies for each program shall
44 be reduced on a pro rata basis.

1 ~~F. Notwithstanding subsection A, paragraph 3 of this section, for~~
2 ~~fiscal years through fiscal year 1996-1997, if the state lottery director~~
3 ~~determines that monies available to the state general fund may not equal~~
4 ~~forty-five million dollars in a fiscal year, then the director shall not~~
5 ~~authorize deposits to the local transportation assistance fund pursuant to~~
6 ~~subsection A, paragraph 3 of this section until the deposits to the state~~
7 ~~general fund equal forty-five million dollars in a fiscal year.~~
8 Notwithstanding subsection A, paragraph 3 of this section, for fiscal years
9 beginning from and after June 30, 1997 THROUGH FISCAL YEAR 2000-2001, if the
10 state lottery director determines that monies available to the state general
11 fund from the sale of multistate lottery games may not equal twenty-one
12 million dollars in a fiscal year, then the director shall not authorize
13 deposits to the local transportation assistance fund pursuant to subsection
14 A, paragraph 3 of this section until the deposits to the state general fund
15 from the sale of multistate lottery games equal twenty-one million dollars
16 in a fiscal year. NOTWITHSTANDING SUBSECTION A, PARAGRAPH 3 OF THIS SECTION,
17 FOR FISCAL YEARS BEGINNING FROM AND AFTER JUNE 30, 2001, IF THE STATE LOTTERY
18 DIRECTOR DETERMINES THAT MONIES AVAILABLE TO THE STATE GENERAL FUND FROM THE
19 SALE OF MULTISTATE LOTTERY GAMES MAY NOT EQUAL THIRTY-ONE MILLION DOLLARS IN
20 A FISCAL YEAR, THEN THE DIRECTOR SHALL NOT AUTHORIZE DEPOSITS TO THE LOCAL
21 TRANSPORTATION ASSISTANCE FUND PURSUANT TO SUBSECTION A, PARAGRAPH 3 OF THIS
22 SECTION UNTIL THE DEPOSITS TO THE STATE GENERAL FUND FROM THE SALE OF
23 MULTISTATE LOTTERY GAMES EQUAL THIRTY-ONE MILLION DOLLARS IN A FISCAL YEAR.

24 G. All monies remaining in the state lottery fund after the
25 appropriations and deposits authorized in this section shall be deposited in
26 the state general fund.

27 H. Except for monies expended for prizes as provided in section 5-504,
28 subsection H and section 41-1505.10, monies expended under subsection A of
29 this section shall be subject to legislative appropriation.

30 Sec. 2. Section 15-942, Arizona Revised Statutes, is amended to read:
31 15-942. Adjustment for rapid decline in student count

32 A. If the student count in grades kindergarten through eight or grades
33 nine through twelve for the budget year is less than the student count in
34 grades kindergarten through eight or grades nine through twelve for the
35 current year or the adjusted student count in grades kindergarten through
36 eight or grades nine through twelve for the current year determined as
37 provided in this section by:

38 1. At least five per cent but less than nine per cent, a school
39 district may use the student count in grades kindergarten through eight or
40 grades nine through twelve for the current year or the adjusted student count
41 in grades kindergarten through eight or grades nine through twelve for the
42 current year determined as provided in this section multiplied by 0.95 in
43 computing the budget for the budget year and entitlement to state aid.

44 2. At least nine per cent but less than thirteen per cent, a school
45 district may use the student count in grades kindergarten through eight or

1 grades nine through twelve for the current year or the adjusted student count
2 in grades kindergarten through eight or grades nine through twelve for the
3 current year determined as provided in this section multiplied by 0.93 in
4 computing the budget for the budget year and entitlement to state aid.

5 3. At least thirteen per cent but less than twenty per cent, a school
6 district may use the student count in grades kindergarten through eight or
7 grades nine through twelve for the current year or the adjusted student count
8 in grades kindergarten through eight or grades nine through twelve for the
9 current year determined as provided in this section multiplied by 0.90 in
10 computing the budget for the budget year and entitlement to state aid.

11 4. At least twenty per cent but less than thirty per cent, a school
12 district may use the student count in grades kindergarten through eight or
13 grades nine through twelve for the current year or the adjusted student count
14 in grades kindergarten through eight or grades nine through twelve for the
15 current year determined as provided in this section multiplied by 0.87 in
16 computing the budget for the budget year and entitlement to state aid.

17 5. Thirty per cent or more, a school district may use the student
18 count in grades kindergarten through eight or grades nine through twelve for
19 the current year or the adjusted student count in grades kindergarten through
20 eight or grades nine through twelve for the current year determined as
21 provided in this section multiplied by 0.85 in computing the budget for the
22 budget year and entitlement to state aid.

23 B. The governing board of a school district utilizing the adjusted
24 student count as provided in this section shall include notification of the
25 actual per cent decline in student count and the additional allowable
26 revenues by computing the base revenue control limit by utilization of the
27 adjustment for rapid decline in student count in the proposed budget
28 presented at the public meeting as provided in section 15-905.

29 C. When determining its student count or adjusted student count for
30 the current year, the governing board of a school district utilizing the
31 adjusted student count as provided in this section shall not include:

32 1. Pupils who are residents of the attendance area of another school
33 district as a result of a school district consolidation, subdivision or other
34 boundary change.

35 2. Pupils whose district of attendance has not changed but who are
36 being included in the student count of a different school district for the
37 budget year as a result of a change in an agreement regarding which district
38 will include the pupils in its student count.

39 3. Pupils whose attendance has changed to a charter school sponsored
40 by, operated by or operated for a school district, as provided in section
41 15-185, subsection E.

42 D. The provisions of this section shall not apply to any reduction in
43 student count resulting from enrollment in a joint technological education
44 district formed pursuant to chapter 3, article 6 of this title.

1 E. This section does not apply to any reduction in student count
2 resulting from a district sponsored charter school switching sponsors or
3 ceasing to operate.

4 F. THIS SECTION DOES NOT APPLY TO ANY REDUCTION IN STUDENT COUNT
5 RESULTING FROM THE ELIMINATION OF EARLY KINDERGARTEN OR EARLY FIRST GRADE
6 PROGRAMS.

7 Sec. 3. Section 36-2901.06, Arizona Revised Statutes, as amended by
8 Laws 2001, second special session, chapter 8, section 1, is amended effective
9 on March 20, 2002, to read:

10 36-2901.06. Emergency services; noncitizens; qualified aliens

11 A. Beginning on October 1, 2001 and subject to the availability of
12 monies, a qualified alien or a noncitizen who is not eligible for emergency
13 services pursuant to title XIX of the social security act may apply to the
14 administration for coverage of an emergency service if necessary to treat an
15 emergency medical condition as defined in section 1903(v) of the social
16 security act if the person is a resident of this state and meets one of the
17 following requirements:

18 1. The person has a household adjusted gross income level of not more
19 than forty per cent of the federal poverty guidelines.

20 2. Meets the income and resource requirements of section 36-2901.04.

21 B. In addition to the income requirements prescribed in subsection A
22 of this section, a person must meet the eligibility and documentation
23 requirements prescribed by the administration for persons who are eligible
24 for services pursuant to section 36-2901.03 or 36-2901.04.

25 C. Subject to legislative appropriation, persons who were determined
26 eligible on or before November 1, 2001 pursuant to this section or section
27 36-2903.03 may continue to receive treatment if it is medically necessary and
28 the service does not meet the federal definition of an emergency medical
29 condition as defined in section 1903(v) of the social security act. These
30 services shall be paid for with one hundred per cent state funds MONIES and
31 are limited to the following conditions:

32 1. Treatment for end stage renal disease that requires ongoing
33 dialysis.

34 2. Radiation and chemotherapy to treat a diagnosed cancer that was
35 found as the result of an emergency condition that was related in an
36 inpatient hospital setting.

37 D. For the purposes of this section, treatment does not include
38 transplantation services.

39 E. The administration may prior authorize emergency services that are
40 provided pursuant to subsection C of this section.

41 F. BEGINNING WITH A DATE OF SERVICE ON OR AFTER MARCH 1, 2002, THE
42 ADMINISTRATION SHALL NOT REIMBURSE INPATIENT HOSPITAL CLAIMS OR OUTPATIENT
43 HOSPITAL CLAIMS FOR PERSONS ELIGIBLE PURSUANT TO THIS SECTION. FOR THE
44 PURPOSES OF THIS SUBSECTION, "DATE OF SERVICE" MEANS, FOR AN INPATIENT
45 HOSPITAL CLAIM, THE DATE OF DISCHARGE OF THE PATIENT.

1 Sec. 4. Section 36-2921, Arizona Revised Statutes, as amended by Laws
2 2001, second special session, chapter 7, section 2, is amended to read:

3 36-2921. Tobacco tax allocation

4 A. Subject to the availability of monies in the medically needy
5 account established pursuant to section 36-774 the administration shall use
6 the monies in the account in the following order:

7 1. Beginning on August 1, 1995 and on the first day of each month
8 until July 1, 1998, the sum of one million two hundred fifty thousand dollars
9 shall be transferred from the medically needy account to the medical services
10 stabilization fund for uses as prescribed in section 36-2922.

11 2. The administration shall withdraw the sum of nine million two
12 hundred fifty-one thousand one hundred dollars in fiscal year 1998-1999 for
13 deposit in the children's health insurance program fund established by
14 section 36-2995 to pay the state share of the children's health insurance
15 program established pursuant to article 4 of this chapter.

16 3. From and after August 1, 1995 and each year thereafter, the
17 administration shall transfer the following monies to the department of
18 health services to be allocated as follows if the department awards a
19 contract:

20 (a) Three million dollars, for the mental health grant program
21 established pursuant to section 36-3414.

22 (b) Five million five hundred thousand dollars, for primary care
23 services established pursuant to section 36-2907.05. ~~Notwithstanding section~~
24 ~~36-2907.05, of the amount transferred pursuant to this subdivision for fiscal~~
25 ~~years 2001-2002 and 2002-2003, five hundred thousand dollars shall be~~
26 ~~distributed to community based primary care programs to provide primary care~~
27 ~~or urgent care services during evening and weekend hours.~~

28 (c) For fiscal year 2001-2002 four million five hundred thousand
29 dollars, for grants to the qualifying community health centers established
30 pursuant to section 36-2907.06, subsection A.

31 (d) For fiscal year 2002-2003 and each fiscal year thereafter four
32 million seven hundred forty thousand dollars, for grants to the qualifying
33 community health centers established pursuant to section 36-2907.06,
34 subsection A.

35 4. The administration shall transfer three hundred seventy-five
36 thousand dollars annually for programs providing detoxification services in
37 counties having a population of five hundred thousand persons or less. Of
38 the monies transferred pursuant to this paragraph, two hundred fifty thousand
39 dollars shall be distributed to a program that provides detoxification
40 treatment and services through a long-term social model detoxification
41 program that emphasizes rehabilitation and one hundred twenty-five thousand
42 dollars shall be distributed to a program that provides short-term
43 detoxification treatment and services and is part of a continuum of
44 detoxification treatment.

1 5. The administration shall transfer up to two hundred fifty thousand
2 dollars annually for fiscal years 1995-1996, 1996-1997, 1997-1998, 1998-1999,
3 1999-2000, 2001-2002 and 2002-2003 for telemedicine pilot programs designed
4 to facilitate the provision of medical services to persons living in
5 medically underserved areas as provided in section 36-2352.

6 6. The administration shall transfer up to two hundred fifty thousand
7 dollars annually beginning in fiscal year 1996-1997 for contracts by the
8 department of health services with nonprofit organizations that primarily
9 assist in the management of end stage renal disease and related problems.
10 Contracts shall not include payments for transportation of patients for
11 dialysis.

12 7. Beginning on July 1, 2002 the administration shall withdraw twenty
13 million dollars in each fiscal year for deposit in the premium sharing
14 program fund established by section 36-2923 to provide health care services
15 to any person who is eligible for an Arizona health care cost containment
16 system premium sharing program enacted by the legislature. The Arizona
17 health care cost containment system premium sharing program is not an
18 entitlement program. In fiscal year 2001-2002 the administration may expend
19 monies from the premium sharing program fund established pursuant to section
20 36-2923 for administrative costs of the premium sharing program not to exceed
21 four per cent of monies expended on program costs for THE premium sharing
22 program. Beginning on July 1, 2003, the administration shall annually
23 withdraw monies from the medically needy account not to exceed four per cent
24 of the sum of any monies transferred pursuant to this paragraph for
25 administrative costs associated with the premium sharing program. The
26 administration shall use up to one-half of one per cent of this amount for
27 marketing and outreach. Administrative costs in excess of two per cent shall
28 be funded from the interest payments from the monies withdrawn from the
29 medically needy account to fund the premium sharing program pursuant to this
30 paragraph.

31 8. Subject to the availability of monies, the Arizona health care cost
32 containment system administration shall transfer to the department of health
33 services up to five million dollars in fiscal years 1996-1997 and 1997-1998
34 and two million five hundred thousand dollars in fiscal year 1998-1999 for
35 providing nonentitlement funding for a basic children's medical services
36 program established by section 36-2907.08. The administration may also
37 withdraw and transfer to the department amounts for program evaluation and
38 for administrative costs as prescribed in section 36-2907.08.

39 9. Subject to the availability of monies, the sum of one million
40 dollars shall be transferred annually to the health crisis fund for use as
41 prescribed in section 36-797.

42 10. Subject to the availability of monies, the Arizona health care cost
43 containment system administration shall transfer to the aging and adult
44 administration in the department of economic security the sum of five hundred
45 thousand dollars annually beginning in fiscal year 1997-1998 for services

1 provided pursuant to section 46-192, subsection A, paragraph 4. Services
2 shall be used for persons who meet the low income eligibility criteria
3 developed by the aging and adult administration.

4 11. Subject to the availability of monies, the Arizona health care cost
5 containment system administration shall transfer to the department of health
6 services the sum of seventy thousand dollars annually beginning in fiscal
7 year 1998-1999 for contracts entered into pursuant to section 36-132,
8 subsection D, with hospitals that are licensed by the department of health
9 services and that perform nonrenal organ transplant operations. These
10 contracts shall not include payments for transportation to and from treatment
11 facilities.

12 12. Subject to the availability of monies, the Arizona health care cost
13 containment system administration shall annually transfer to the department
14 of health services the sum of one hundred eleven thousand two hundred dollars
15 to implement the rural private primary care provider loan repayment program
16 established pursuant to section 36-2174. The department shall not use these
17 monies for administrative costs. The transfers made pursuant to this
18 paragraph are exempt from the provisions of section 35-190 relating to
19 lapsing of appropriations.

20 13. Subject to the availability of monies, the Arizona health care cost
21 containment system administration shall transfer annually to the department
22 of health services the sum of one hundred fifty thousand dollars to assist
23 health service districts in performing their services and to assist
24 applicants who wish to establish new districts pursuant to title 48, chapter
25 16, except that the Arizona health care cost containment system
26 administration shall not transfer any monies for this purpose in fiscal year
27 2001-2002.

28 14. Subject to the availability of monies, the administration shall
29 transfer to the department of health services the sum of one hundred thousand
30 dollars in fiscal year 2001-2002 to award a quality rating financial
31 incentive grant to each nursing care institution that received in two
32 consecutive years a quality rating of excellent on the annual facility
33 compliance and licensure survey conducted pursuant to section 36-425.02 after
34 August 9, 2001 regardless of the actual date of the results of the survey. A
35 nursing care institution is not eligible for a grant if the institution
36 received a violation determined by the department to be widespread with
37 potential for more than minimal harm, or a violation that resulted in actual
38 harm or that constitutes immediate jeopardy to resident health and safety. A
39 nursing care institution must use a grant awarded pursuant to this paragraph
40 only for direct care nonadministrative staff to improve the quality of
41 resident care. Each individual incentive grant equals the amount that
42 results by dividing one hundred thousand dollars by the total number of
43 census days for all facilities that received a rating of excellent for the
44 applicable time period and multiplying the result by the total number of
45 census days for the facility receiving the grant, except that the department

1 may not award an incentive grant of more than one hundred thousand dollars
2 to any one institution. The department may not award an incentive grant to
3 a facility that was placed on a provisional license during the previous
4 twelve months before the award of the incentive grant. If the facility
5 transfers ownership, the department shall award the incentive grant to the
6 licensee at the time of the award. A facility that ceases operation before
7 an annual incentive grant distribution date is not eligible for an incentive
8 grant. The transfer made pursuant to this paragraph is exempt from the
9 provisions of section 35-190 relating to lapsing of appropriations. For the
10 purposes of this paragraph, "census day" means each day an individual
11 inpatient bed is occupied based on the most recently filed financial
12 statement of a facility pursuant to section 36-125.04. The department may
13 apply for available matching federal funds.

14 15. Subject to the availability of monies, the administration shall
15 transfer to the department of health services the sum of two hundred fifty
16 thousand dollars in fiscal year 2001-2002 for the provision of primary health
17 care services in an area of the United States environmental protection agency
18 designated as the Tucson international airport area superfund site in 1983
19 due to contamination from trichloroethylene. The transfer made pursuant to
20 this paragraph is exempt from the provisions of section 35-190 relating to
21 lapsing of appropriations. The department of health services is exempt from
22 the procurement code requirement of title 41, chapter 23, for purposes
23 relating to this paragraph.

24 B. The department of health services shall establish an accounting
25 procedure to ensure that all funds transferred pursuant to this section are
26 maintained separately from any other funds.

27 C. The administration shall annually withdraw monies from the
28 medically needy account in the amount necessary to reimburse the department
29 of health services for administrative costs to implement each program
30 established pursuant to subsection A of this section not to exceed four per
31 cent of the amount transferred for each program.

32 D. The administration shall annually withdraw monies from the
33 medically needy account in the amount necessary to reimburse the department
34 of health services for the evaluations as prescribed by section 36-2907.07.

35 E. The administration shall annually report, no later than November
36 1, to the director of the joint legislative budget committee the annual
37 revenues deposited in the medically needy account and the estimated
38 expenditures needed in the subsequent year to provide funding for services
39 provided in subsection A, paragraph 1 of this section. The administration
40 shall immediately report to the director of the joint legislative budget
41 committee if at any time the administration estimates that the amount
42 available in the medically needy account will not be sufficient to fund the
43 maximum allocations established in this section.

1 Sec. 5. Section 42-5029, Arizona Revised Statutes, is amended to read:
2 42-5029. Remission and distribution of monies

3 A. The department shall deposit, pursuant to sections 35-146 and
4 35-147, all revenues collected under this article and articles 4, 5, 8 and
5 9 of this chapter pursuant to section 42-1116, separately accounting for:

6 1. Payments of estimated tax under section 42-5014, subsection D.

7 2. Revenues collected pursuant to section 42-5070.

8 3. Revenues collected under this article and article 5 of this chapter
9 from and after June 30, 2000 from sources located on Indian reservations in
10 this state.

11 4. Revenues collected pursuant to section 42-5010, subsection G and
12 section 42-5155, subsection D.

13 B. The department shall credit payments of estimated tax to an
14 estimated tax clearing account and each month shall transfer all monies in
15 the estimated tax clearing account to a fund designated as the transaction
16 privilege and severance tax clearing account. The department shall credit
17 all other payments to the transaction privilege and severance tax clearing
18 account, separately accounting for the monies designated as distribution base
19 under sections 42-5010, 42-5164, 42-5205, 42-5353 and 42-5409. Each month
20 the department shall report to the state treasurer the amount of monies
21 collected pursuant to this article and articles 4, 5, 8 and 9 of this
22 chapter.

23 C. On notification by the department, the state treasurer shall
24 distribute the monies deposited in the transaction privilege and severance
25 tax clearing account in the manner prescribed by this section and by sections
26 42-5164, 42-5205, 42-5353 and 42-5409, after deducting warrants drawn against
27 the account pursuant to sections 42-1118 and 42-1254.

28 D. Of the monies designated as distribution base the department shall:

29 1. Pay twenty-five per cent to the various incorporated municipalities
30 in this state in proportion to their population as shown by the last United
31 States decennial or special census, or revisions to the decennial or special
32 census certified by the United States bureau of the census, to be used by the
33 municipalities for any municipal purpose.

34 2. Pay 38.08 per cent to the counties in this state by averaging the
35 following proportions:

36 (a) The proportion that the population of each county bears to the
37 total state population, as shown by the most recent United States decennial
38 or special census, or revisions to the decennial or special census certified
39 by the United States bureau of the census.

40 (b) The proportion that the distribution base monies collected during
41 the calendar month in each county under this article, section 42-5164,
42 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409
43 bear to the total distribution base monies collected under this article,
44 section 42-5164, subsection B, section 42-5205, subsection B and sections
45 42-5353 and 42-5409 throughout the state for the calendar month.

1 3. Pay an additional 2.43 per cent to the counties in this state as
2 follows:

3 (a) Average the following proportions:

4 (i) The proportion that the assessed valuation used to determine
5 secondary property taxes of each county, after deducting that part of the
6 assessed valuation that is exempt from taxation at the beginning of the month
7 for which the amount is to be paid, bears to the total assessed valuations
8 used to determine secondary property taxes of all the counties after
9 deducting that portion of the assessed valuations that is exempt from
10 taxation at the beginning of the month for which the amount is to be paid.
11 Property of a city or town that is not within or contiguous to the municipal
12 corporate boundaries and from which water is or may be withdrawn or diverted
13 and transported for use on other property is considered to be taxable
14 property in the county for purposes of determining assessed valuation in the
15 county under this item.

16 (ii) The proportion that the distribution base monies collected during
17 the calendar month in each county under this article, section 42-5164,
18 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409
19 bear to the total distribution base monies collected under this article,
20 section 42-5164, subsection B, section 42-5205, subsection B and sections
21 42-5353 and 42-5409 throughout the state for the calendar month.

22 (b) If the proportion computed under subdivision (a) of this paragraph
23 for any county is greater than the proportion computed under paragraph 2 of
24 this subsection, the department shall compute the difference between the
25 amount distributed to that county under paragraph 2 of this subsection and
26 the amount that would have been distributed under paragraph 2 of this
27 subsection using the proportion computed under subdivision (a) of this
28 paragraph and shall pay that difference to the county from the amount
29 available for distribution under this paragraph. Any monies remaining after
30 all payments under this subdivision shall be distributed among the counties
31 according to the proportions computed under paragraph 2 of this subsection.

32 4. After any distributions required by sections 42-5030.01, 42-5031,
33 42-5032, 42-5032.01 and 42-5032.02, and after making any transfer to the
34 water quality assurance revolving fund as required by section 49-282,
35 subsection B, credit the remainder of the monies designated as distribution
36 base to the state general fund. From this amount the legislature shall
37 annually appropriate to:

38 (a) The department of revenue sufficient monies to administer and
39 enforce this article and articles 5, 8 and 9 of this chapter.

40 (b) The department of economic security monies to be used for the
41 purposes stated in title 46, chapter 1.

42 (c) The tourism fund, through June 30, 2001, an amount equal to the
43 sum of the following:

44 (i) Two million dollars.

1 (ii) Seventy-five per cent of the amount by which revenues derived
2 from a one-half percentage rate portion of the total tax rate imposed on the
3 transient lodging classification for the current fiscal year exceed the
4 revenues derived from a one-half percentage rate portion of that tax in the
5 previous fiscal year.

6 (d) The Arizona arts endowment fund established by section 41-986, the
7 full amount by which revenues derived from the amusement classification
8 pursuant to section 42-5073 for the current fiscal year exceed the revenues
9 that were derived from that classification in fiscal year 1993-1994, except
10 that this amount shall not exceed two million dollars through fiscal year
11 ~~2007-2008 and shall not exceed one and one-half million dollars in fiscal~~
12 ~~year 2008-2009.~~

13 (e) The firearms safety and ranges fund established by section 17-273,
14 fifty thousand dollars derived from the taxes collected from the retail
15 classification pursuant to section 42-5061 for the current fiscal year.

16 (f) The tourism fund, beginning from and after June 30, 2001 an amount
17 equal to the sum of the following:

18 (i) Three and one-half per cent of the gross revenues derived from the
19 transient lodging classification pursuant to section 42-5070 during the
20 preceding fiscal year.

21 (ii) Three per cent of the gross revenues derived from the amusement
22 classification pursuant to section 42-5073 during the preceding fiscal year.

23 (iii) Two per cent of the gross revenues derived from the restaurant
24 classification pursuant to section 42-5074 during the preceding fiscal year.

25 E. If approved by the qualified electors voting at a statewide general
26 election, all monies collected pursuant to section 42-5010, subsection G and
27 section 42-5155, subsection D shall be distributed each fiscal year pursuant
28 to this subsection. The monies distributed pursuant to this subsection are
29 in addition to any other appropriation, transfer or other allocation of
30 public or private monies from any other source and shall not supplant,
31 replace or cause a reduction in other school district, charter school,
32 university or community college funding sources. The monies shall be
33 distributed as follows:

34 1. If there are outstanding state school facilities revenue bonds
35 pursuant to title 15, chapter 16, article 7, each month one-twelfth of the
36 amount that is necessary to pay the fiscal year's debt service on outstanding
37 state school improvement revenue bonds for the current fiscal year shall be
38 transferred each month to the school improvement revenue bond debt service
39 fund established by section 15-2084. The total amount of bonds for which
40 these monies may be allocated for the payment of debt service shall not
41 exceed a principal amount of eight hundred million dollars exclusive of
42 refunding bonds and other refinancing obligations.

43 2. After any transfer of monies pursuant to paragraph 1 of this
44 subsection, twelve per cent of the remaining monies collected during the
45 preceding month shall be transferred to the technology and research

1 initiative fund established by section 15-1648 to be distributed among the
2 universities for the purpose of investment in technology and research-based
3 initiatives.

4 3. After the transfer of monies pursuant to paragraph 1 of this
5 subsection, three per cent of the remaining monies collected during the
6 preceding month shall be transferred to the workforce development account
7 established in each community college district pursuant to section 15-1472
8 for the purpose of investment in workforce development programs.

9 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
10 subsection, one-twelfth of the amount a community college that is owned,
11 operated or chartered by a qualifying Indian tribe on its own Indian
12 reservation would receive pursuant to section 15-1472, subsection D,
13 paragraph 2 if it were a community college district under the jurisdiction
14 of the state board of directors for community colleges shall be distributed
15 each month to the treasurer or other designated depository of a qualifying
16 Indian tribe. Monies distributed pursuant to this paragraph are for the
17 exclusive purpose of providing support to one or more community colleges
18 owned, operated or chartered by a qualifying Indian tribe and shall be used
19 in a manner consistent with section 15-1472, subsection B. For purposes of
20 this paragraph, "qualifying Indian tribe" has the same meaning as defined in
21 section 42-5031.01, subsection D.

22 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
23 subsection, one-twelfth of the following amounts shall be transferred each
24 month to the department of education for the increased cost of basic state
25 aid under section 15-971 due to added school days and associated teacher
26 salary increases enacted in 2000:

27 (a) In fiscal year 2001-2002, \$15,305,900.

28 (b) In fiscal year 2002-2003, \$31,530,100.

29 (c) In fiscal year 2003-2004, \$48,727,700.

30 (d) In fiscal year 2004-2005, \$66,957,200.

31 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
32 \$86,280,500.

33 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
34 subsection, seven million eight hundred thousand dollars is appropriated each
35 fiscal year, to be paid in monthly installments, to the department of
36 education to be used for school safety as provided in section 15-154 and two
37 hundred thousand dollars is appropriated each fiscal year, to be paid in
38 monthly installments to the department of education to be used for the
39 character education matching grant program as provided in section 15-154.01.

40 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
41 subsection, no more than seven million dollars may be appropriated by the
42 legislature each fiscal year to the department of education to be used for
43 accountability purposes as described in section 15-241 and title 15, chapter
44 9, article 8.

1 8. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
2 subsection, one million five hundred thousand dollars is appropriated each
3 fiscal year, to be paid in monthly installments, to the failing schools
4 tutoring fund established by section 15-241.

5 9. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
6 subsection, twenty-five million dollars shall be transferred each fiscal year
7 to the state general fund to reimburse the general fund for the cost of the
8 income tax credit allowed by section 43-1072.01.

9 10. After the payment of monies pursuant to paragraphs 1 through 9 of
10 this subsection, the remaining monies collected during the preceding month
11 shall be transferred to the classroom site fund established by section
12 15-977. The monies shall be allocated as follows in the manner prescribed
13 by section 15-977:

14 (a) Forty per cent shall be allocated for teacher compensation based
15 on performance.

16 (b) Twenty per cent shall be allocated for increases in teacher base
17 compensation and employee related expenses.

18 (c) Forty per cent shall be allocated for maintenance and operation
19 purposes.

20 F. The department shall credit the remainder of the monies in the
21 transaction privilege and severance tax clearing account to the state general
22 fund, subject to any distribution required by section 42-5030.01.

23 G. Notwithstanding subsection D of this section, if a court of
24 competent jurisdiction finally determines that tax monies distributed under
25 this section were illegally collected under this article or articles 5, 8 and
26 9 of this chapter and orders the monies to be refunded to the taxpayer, the
27 department shall compute the amount of such monies that was distributed to
28 each city, town and county under this section. The department shall notify
29 the state treasurer of that amount plus the proportionate share of additional
30 allocated costs required to be paid to the taxpayer. Each city's, town's and
31 county's proportionate share of the costs shall be based on the amount of the
32 original tax payment each municipality and county received. Each month the
33 state treasurer shall reduce the amount otherwise distributable to the city,
34 town and county under this section by one thirty-sixth of the total amount
35 to be recovered from the city, town or county until the total amount has been
36 recovered, but the monthly reduction for any city, town or county shall not
37 exceed ten per cent of the full monthly distribution to that entity. The
38 reduction shall begin for the first calendar month after the final
39 disposition of the case and shall continue until the total amount, including
40 interest and costs, has been recovered.

41 H. On receiving a certificate of default from the greater Arizona
42 development authority pursuant to section 41-1554.06 or 41-1554.07 and to the
43 extent not otherwise expressly prohibited by law, the state treasurer shall
44 withhold from the next succeeding distribution of monies pursuant to this
45 section due to the defaulting political subdivision the amount specified in

1 the certificate of default and immediately deposit the amount withheld in the
2 greater Arizona development authority revolving fund. The state treasurer
3 shall continue to withhold and deposit the monies until the greater Arizona
4 development authority certifies to the state treasurer that the default has
5 been cured. In no event may the state treasurer withhold any amount that the
6 defaulting political subdivision certifies to the state treasurer and the
7 authority as being necessary to make any required deposits then due for the
8 payment of principal and interest on bonds of the political subdivision that
9 were issued before the date of the loan repayment agreement or bonds and that
10 have been secured by a pledge of distributions made pursuant to this section.

11 Sec. 6. Laws 2000, fifth special session, chapter 2, section 5 is
12 amended to read:

13 Sec. 5. Appropriation; purpose; nonlapsing; transfer

14 A. The sum of \$50,000,000 is appropriated from the tobacco litigation
15 settlement account in the state general fund to the serious mental illness
16 services fund established pursuant to section 36-503.02, Arizona Revised
17 Statutes, administered by the department of health services in fiscal year
18 2000-2001 for the purposes prescribed in this act. NOTWITHSTANDING SECTION
19 36-503.02, ARIZONA REVISED STATUTES, IN FISCAL YEAR 2001-2002, THE SUM OF
20 \$9,500,000 FROM THE SERIOUS MENTAL ILLNESS SERVICES FUND SHALL BE USED FOR
21 BEHAVIORAL HEALTH IN THE DEPARTMENT OF HEALTH SERVICES.

22 B. The sum of \$20,000,000 is appropriated from the tobacco litigation
23 settlement account in the state general fund to the department of health
24 services in fiscal year 2000-2001 for children's behavioral health services.
25 Monies appropriated pursuant to this subsection shall be spent on services
26 only as prescribed by the appropriation and may not be used for any other
27 purpose. The department of health services shall use monies appropriated
28 pursuant to this subsection to provide behavioral health services and
29 behavioral health-related services to families whose children receive
30 behavioral health services through the department of health services, the
31 department of economic security, the department of juvenile corrections or
32 the administrative office of the courts. The department of health services
33 may also use these monies to support telemedicine programs designed to
34 facilitate the provision of behavioral health services to persons living in
35 medically underserved areas as provided in section 36-2352, Arizona Revised
36 Statutes. The department of health services shall transfer \$150,000 to the
37 auditor general to conduct a performance audit on the services funded
38 pursuant to this subsection. The auditor general shall complete the
39 performance audit on or before January 1, 2003.

40 C. The appropriations made in subsections A and B of this section are
41 exempt from the provisions of section 35-190, Arizona Revised Statutes,
42 relating to lapsing of appropriations.

43 D. On or before January 1, 2003, the department of health services
44 shall transfer \$300,000 of the monies appropriated in subsection A of this
45 section to the auditor general for the purposes of conducting the performance

1 audit prescribed in section 36-503.02, subsection D, Arizona Revised
2 Statutes.

3 Sec. 7. Laws 2001, chapter 234, section 2, as amended by Laws 2001,
4 chapter 374, section 4 and Laws 2001, second special session, chapter 7,
5 section 4, is amended to read:

6 Sec. 2. AHCCCS withdrawals; purposes; transfer

7 Notwithstanding any other law, for fiscal year 2001-2002, the Arizona
8 health care cost containment system administration shall withdraw, as
9 necessary, the sum of ~~\$69,647,200~~ \$79,647,200 from the medically needy
10 account of the tobacco tax and health care fund established pursuant to
11 section 36-774, Arizona Revised Statutes, subject to the availability of
12 monies in the account for the following purposes and the withdrawals shall
13 be made before the withdrawals for those purposes prescribed in section
14 36-2921, Arizona Revised Statutes:

15 1. \$10,000,000 for state matching monies for private hospital
16 reimbursement.

17 2. \$4,402,000 to provide coverage for an extended maternity length of
18 stay of no less than forty-eight hours after a normal delivery or ninety-six
19 hours after a caesarean section.

20 3. \$1,349,600 to fund the cost of HIV/AIDS drug treatment and the
21 medical costs associated with the administration and monitoring of the
22 treatment.

23 4. ~~\$20,195,800~~ \$30,195,800 for state matching monies for the Arizona
24 health care cost containment system acute care program.

25 5. Up to \$20,082,800 to be deposited in the children's health
26 insurance program fund established by section 36-2995, Arizona Revised
27 Statutes, for state matching monies for the children's health insurance
28 program. Before the withdrawal of these monies, the administration shall
29 expend any medically needy account monies remaining in the children's health
30 insurance program fund from prior year appropriations.

31 6. \$1,000,000 to be transferred to the department of health services
32 for AIDS medications provided through the Arizona drug assistance program.

33 7. \$10,790,000 to be transferred to the department of health services
34 for psychotropic medications for seriously mentally ill persons who are not
35 eligible for Title XIX. Of this amount, up to \$2,000,000 may be used for
36 non-seriously mentally ill services to non-title XIX clients.

37 8. \$1,000,000 to be transferred to the department of health services
38 for community health centers.

39 9. \$477,000 to be transferred to the department of health services for
40 the Arizona statewide immunization information system.

41 10. \$350,000 to be transferred to the department of health services for
42 hepatitis C disease surveillance.

1 Sec. 8. Laws 2001, chapter 238, section 22 is amended to read:

2 Sec. 22. Department of public safety; highway funds;
3 distribution

4 Notwithstanding sections 28-6537 and 28-6993, Arizona Revised Statutes,
5 the statutory cap limiting the level of highway user revenue funds and state
6 highway funds available to fund department of public safety highway patrol
7 costs shall be suspended for fiscal years 2000-2001, 2001-2002 and 2002-2003.

8 Sec. 9. Laws 2001, first special session, chapter 1, section 7 is
9 amended to read:

10 Sec. 7. Appropriations; purpose; adjustment

11 A. The sum of ~~\$15,277,400~~ \$17,063,400 is appropriated from the state
12 general fund and ~~\$43,624,900~~ \$48,724,900 is appropriated in total expenditure
13 authority for fiscal year 2001-2002 to the Arizona health care cost
14 containment system for disproportionate share hospital payments.

15 B. The fiscal year 2001-2002 disproportionate share payment of
16 ~~\$43,624,900~~ \$48,724,900 is based on the federal fiscal year 2001-2002
17 authorized expenditure level of ~~\$28,347,500~~ \$31,661,500. If the final
18 federal expenditure authorization is an amount different from the estimate,
19 the governor shall direct the Arizona health care cost containment system
20 administration, subject to the availability of monies and subject to review
21 of the joint legislative budget committee, to proportionately adjust
22 authorization amounts among the identified recipients of the disproportionate
23 share hospital payment. Before the final payment, the governor shall provide
24 notification to the president of the senate, the speaker of the house of
25 representatives, the chairmen of the house and senate appropriations
26 committees and the staff director of the joint legislative budget committee
27 of the adjusted federal authorized expenditure level and the proposed
28 distribution plan for these monies.

29 C. The appropriation for disproportionate share payments for fiscal
30 year 2001-2002 made pursuant to section 36-2903.01, subsection P, Arizona
31 Revised Statutes, ~~as amended by Laws 2001, chapter 84, section 2, chapter 96,~~
32 ~~section 1 and chapter 344, section 39,~~ includes \$15,150,000 for
33 private qualifying disproportionate share hospitals and \$28,474,900 for
34 deposit in the Arizona state hospital fund.

35 Sec. 10. Repeal

36 Laws 2001, first special session, chapter 1, section 8 is repealed.

37 Sec. 11. Laws 2001, first special session, chapter 1, section 9, as
38 amended by Laws 2001, second special session, chapter 8, section 3, is
39 amended effective on March 20, 2002, to read:

40 Sec. 9. Appropriations; purpose; exemption

41 A. The sum of ~~\$12,222,400~~ \$7,155,600 is appropriated from the state
42 general fund in fiscal year 2001-2002 to the Arizona health care cost
43 containment system administration for the state emergency services program
44 established pursuant to section 36-2901.06, Arizona Revised Statutes.

1 ~~B. The sum of \$20,000,000 is appropriated from the state general fund~~
2 ~~in fiscal year 2002-2003 to the Arizona health care cost containment system~~
3 ~~administration for the state emergency services program established pursuant~~
4 ~~to section 36-2901.06, Arizona Revised Statutes.~~

5 ~~C. B. The sum of \$7,777,600 is appropriated from the medical services~~
6 ~~stabilization fund established by section 36-2922, Arizona Revised Statutes,~~
7 ~~in fiscal year 2001-2002 to the Arizona health care cost containment system~~
8 ~~administration for emergency services provided pursuant to this act.~~

9 ~~D. C. Notwithstanding section 36-774 36-772, Arizona Revised~~
10 ~~Statutes, the sum of \$2,822,700 is transferred from the health education~~
11 ~~account of the tobacco tax and health care fund to the Arizona health care~~
12 ~~cost containment system administration in fiscal year 2001-2002 to pay for~~
13 ~~persons eligible for services pursuant to section 36-2901.06, subsection C,~~
14 ~~Arizona Revised Statutes.~~

15 ~~E. D. The Arizona health care cost containment system administration~~
16 ~~may use appropriations made pursuant to this section to pay approved claims~~
17 ~~for emergency services provided to persons who are eligible pursuant to~~
18 ~~section 11-297, 36-2903.03 or 36-2905, Arizona Revised Statutes, before~~
19 ~~October 1, 2001.~~

20 ~~F. E. The appropriations made pursuant to subsections A and C B of~~
21 ~~this section are exempt from the provisions of section 35-190, Arizona~~
22 ~~Revised Statutes, relating to lapsing of appropriations, except that all~~
23 ~~monies remaining unencumbered or unexpended on June 30, 2003 revert to the~~
24 ~~state general fund.~~

25 ~~G. The appropriations made pursuant to subsection B of this section~~
26 ~~is exempt from the provisions of section 35-190, Arizona Revised Statutes,~~
27 ~~relating to lapsing of appropriations, except that all monies remaining~~
28 ~~unencumbered or unexpended on June 30, 2004 revert to the state general fund.~~

29 Sec. 12. Laws 2001, second special session, chapter 2, section 26 is
30 amended to read:

31 Sec. 26. Arts endowment deposits

32 Notwithstanding section 42-5029, subsection D, paragraph 4, subdivision
33 (d), as amended by this act, deposits into the Arizona arts endowment fund
34 established by section 41-986, Arizona Revised Statutes, shall not exceed
35 \$500,000 in fiscal year 2001-2002 and shall be zero in fiscal year YEARS
36 2001-2002 AND 2002-2003.

37 Sec. 13. Laws 2001, second special session, chapter 6, section 11 is
38 amended to read:

39 Sec. 11. Community college teacher certification fund;
40 reversion of monies

41 NOTWITHSTANDING SECTION 15-1425, PARAGRAPHS 3 AND 7, ARIZONA REVISED
42 STATUTES, THE STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES SHALL
43 DISCONTINUE ACCEPTING TEACHER CERTIFICATION APPLICATIONS ON APRIL 1, 2002.
44 Any unused monies remaining in the community college teacher certification
45 fund revert to the state general fund on June 30, 2002, EXCEPT THAT \$50,000

1 SHALL REMAIN IN THE COMMUNITY COLLEGE TEACHER CERTIFICATION FUND AS
2 NON-APPROPRIATED MONIES TO BE EXPENDED FOR REASONABLE AND NECESSARY COSTS TO
3 PHASE OUT THE PROGRAM. THE STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES
4 SHALL SUBMIT A DETAILED ACCOUNTING REPORT OF THE PHASE-OUT EXPENDITURES TO
5 THE JOINT LEGISLATIVE BUDGET COMMITTEE ON OR BEFORE DECEMBER 31, 2002 AND ANY
6 MONIES REMAINING IN THE FUND REVERT TO THE STATE GENERAL FUND ON JANUARY 1,
7 2003.

8 Sec. 14. Laws 2001, second special session, chapter 7, section 21 is
9 amended to read:

10 Sec. 21. Competency restoration treatment; reimbursement of
11 costs

12 A. If the state pays the costs of a defendant's inpatient competency
13 restoration treatment pursuant to section 13-4512, Arizona Revised Statutes,
14 the state shall require the county or city, as appropriate, to reimburse the
15 department of health services for ~~one-half~~ EIGHTY-SIX PER CENT of these costs
16 for fiscal year 2001-2002. The department shall deposit the monies pursuant
17 to sections 35-146 and 35-147, Arizona Revised Statutes, in the Arizona state
18 hospital fund established by section 36-545.08, Arizona Revised Statutes.

19 B. The county or city shall make the reimbursement for costs pursuant
20 to subsection A of this section within thirty days after a request. If the
21 county or city does not make the reimbursement, the superintendent of the
22 Arizona state hospital shall notify the state treasurer of the amount owed
23 and the treasurer shall withhold the amount, including any additional amount
24 as provided in section 42-1123, Arizona Revised Statutes, from any
25 transaction privilege tax distributions to the county or city. The treasurer
26 shall deposit the withholdings pursuant to sections 35-146 and 35-147,
27 Arizona Revised Statutes, in the Arizona state hospital fund established by
28 section 36-545.08, Arizona Revised Statutes.

29 Sec. 15. Tobacco tax transfer

30 Notwithstanding section 36-772, Arizona Revised Statutes, for fiscal
31 year 2001-2002, \$10,000,000 is transferred from the health education account
32 of the tobacco tax and health care fund to the medically needy account of the
33 tobacco tax and health care fund.

34 Sec. 16. Arizona highway user revenue fund; reimbursement;
35 transfer

36 Notwithstanding any other law, the Arizona highway user revenue fund
37 shall reimburse the state general fund in fiscal year 2001-2002 by
38 transferring \$15,000,000 for highway patrol expenditures in fiscal year
39 2000-2001.

40 Sec. 17. Correction of state aid for fiscal years 1999-2000 and
41 2000-2001; early kindergarten and early first grade
42 programs

43 Pursuant to section 15-915, Arizona Revised Statutes, and section
44 15-942, Arizona Revised Statutes, as amended by this act, the superintendent
45 of public instruction shall reduce state aide to school districts and charter

1 schools during fiscal years 2001-2002 and 2002-2003 in order to recapture
2 rapid decline funding that they received during fiscal years 1998-1999,
3 1999-2000 and 2000-2001 due to elimination of early kindergarten or early
4 first grade programs.

5 Sec. 18. Retroactivity

6 A. Section 36-2901.06, Arizona Revised Statutes, as amended by Laws
7 2001, second special session, chapter 8, section 1 and this act, applies
8 retroactively to March 1, 2002.

9 B. Section 14 of this act is effective retroactively to from and after
10 June 30, 2001.

11 Sec. 19. Emergency

12 This act is an emergency measure that is necessary to preserve the
13 public peace, health or safety and is operative immediately as provided by
14 law.

APPROVED BY THE GOVERNOR MARCH 21, 2002.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 21, 2002.

Passed the House March 19, 2002,

Passed the Senate March 19, 2002

by the following vote: 46 Ayes,

by the following vote: 24 Ayes,

10 Nays, 4 Not Voting
with emergency
[Signature]
Speaker of the House

2 Nays, 4 Not Voting
with emergency
[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

20 day of March, 2002

at 12:20 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 20th day of 2002

March, 2002

at 12 o'clock P M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 21 day of March, 2002,

at 5:45 o'clock P M.

[Signature]
Secretary of State

THIRD SPECIAL SESSSION
H.B. 2004