

House Engrossed  
**FILED**  
**KEN BENNETT**  
**SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Forty-ninth Legislature  
Seventh Special Session  
2010

CHAPTER 4

# HOUSE BILL 2004

AN ACT

AMENDING SECTIONS 20-1098.18, 44-2039 AND 44-3324, ARIZONA REVISED STATUTES;  
MAKING APPROPRIATIONS; RELATING TO REGULATION 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 20-1098.18, Arizona Revised Statutes, is amended to  
3 read:

4 20-1098.18. Captive insurance regulatory and supervision fund;  
5 purpose

6 A. The captive insurance regulatory and supervision fund is  
7 established within the department consisting of monies deposited pursuant to  
8 section 20-1098.01, subsection J. The director shall administer the fund as  
9 prescribed in ~~subsection~~ SUBSECTIONS B AND C of this section. Monies in the  
10 fund are exempt from the provisions of section 35-190 relating to lapsing of  
11 appropriations, except that, on the close of each fiscal year, all  
12 unencumbered monies in the fund exceeding one hundred thousand dollars revert  
13 to the state general fund.

14 B. IN ADDITION TO THE PURPOSES SPECIFIED IN SUBSECTION C OF THIS  
15 SECTION, THE DIRECTOR MAY USE UP TO ONE HUNDRED THOUSAND DOLLARS IN THE  
16 CAPTIVE INSURANCE REGULATORY AND SUPERVISION FUND EACH FISCAL YEAR TO  
17 ADMINISTER PROGRAMS IN ACCORDANCE WITH THE DEPARTMENT'S OTHER STATUTORY  
18 RESPONSIBILITIES.

19 ~~B.~~ C. The director shall use monies in the captive insurance  
20 regulatory and supervision fund to pay the costs of administering this  
21 article and for reasonable expenses incurred in promoting this state's  
22 captive insurance industry, pursuant to written guidelines adopted by the  
23 director.

24 ~~C.~~ D. The department shall not receive a general fund appropriation  
25 for operation of the captive insurance program and promotion of this state's  
26 captive insurance industry for any fiscal year in which the department had at  
27 least twenty-five captive insurers holding an active certificate of authority  
28 as of the immediately preceding calendar year end.

29 Sec. 2. Section 44-2039, Arizona Revised Statutes, is amended to read:

30 44-2039. Securities regulatory and enforcement fund; purpose

31 A. ~~A~~ THE securities regulatory and enforcement fund is established  
32 and shall be administered by the commission under the conditions and for the  
33 purposes provided by this section. Monies in the fund are exempt from the  
34 provisions of section 35-190 relating to lapsing.

35 B. Fees collected pursuant to section 44-1861, subsections A, D and P  
36 AND SECTION 44-3324 shall be deposited, pursuant to sections 35-146 and  
37 35-147, in the securities regulatory and enforcement fund, except AS PROVIDED  
38 IN SUBSECTION D OF THIS SECTION AND EXCEPT that all OTHER revenues collected  
39 in each fiscal year in excess of the amount appropriated from the fund by the  
40 legislature shall be deposited in the state general fund.

41 C. Monies in the fund are subject to legislative appropriation. The  
42 commission shall use the monies in the fund for education and regulatory,  
43 investigative and enforcement operations in the securities division and a  
44 part of general administrative and hearing expenses of the commission.

1 D. ON FEBRUARY 1 AND JUNE 30 OF EACH YEAR, MONIES DEPOSITED IN THE  
2 SECURITIES REGULATORY AND ENFORCEMENT FUND PURSUANT TO SECTION 44-3324 ARE  
3 TRANSFERRED TO THE STATE GENERAL FUND.

4 Sec. 3. Section 44-3324, Arizona Revised Statutes, is amended to read:  
5 44-3324. Notice filing fees

6 A. When filing its initial notice filing, an open-end company shall  
7 pay a nonrefundable notice filing fee for sales to be made during the initial  
8 notice period. The open-end company may elect to pay either a minimum fee of  
9 two hundred dollars or a maximum fee of three thousand five hundred  
10 dollars. If paying the maximum fee, an open-end company is not required to  
11 file a sales report at the expiration of the notice period.

12 B. An open-end company that renews its notice filing in accordance  
13 with section 44-3322, subsection B shall pay both of the following  
14 nonrefundable notice filing fees no later than the expiration of the current  
15 notice period:

16 1. For sales to be made during the current fiscal year, the open-end  
17 company may elect to pay either a minimum fee of two hundred dollars or a  
18 maximum fee of three thousand five hundred dollars. If paying the maximum  
19 fee, an open-end company is not required to file a sales report at the time  
20 of its next renewal notice filing.

21 2. A fee for sales that occurred during the prior fiscal year, as  
22 those sales are reported pursuant to section 44-3323, subsection C. The fee  
23 is equal to one-tenth of one per cent of the aggregate dollar amount of  
24 securities actually sold in this state during the prior fiscal year minus two  
25 hundred dollars, but in no event more than three thousand three hundred  
26 dollars. If the maximum fee was previously paid for the prior fiscal year,  
27 the open-end company is not required to pay any additional fees under this  
28 paragraph.

29 C. An open-end company that does not renew its notice filing in  
30 accordance with section 44-3322, subsection B and that did not previously pay  
31 the maximum fee for the notice period shall pay a nonrefundable notice filing  
32 fee no later than two months after the expiration of its current notice  
33 period for sales that occurred during the prior fiscal year and during the  
34 two month period from the end of the prior fiscal year to the expiration of  
35 the notice period, as those sales are reported pursuant to section 44-3323,  
36 subsection D. The fee is equal to one-tenth of one per cent of the aggregate  
37 dollar amount of securities actually sold in this state during the prior  
38 fiscal year and during the two month period from the end of the prior fiscal  
39 year to the expiration of the notice period minus two hundred dollars, but in  
40 no event more than three thousand three hundred dollars. If the maximum fee  
41 was previously paid for the prior fiscal year, the open-end company is not  
42 required to pay any additional fees under this subsection.

43 D. When filing its initial notice filing, a unit investment trust  
44 shall pay a nonrefundable notice filing fee for sales to be made during the  
45 initial notice period. The unit investment trust may elect to pay either a

1 minimum fee of two hundred dollars or a maximum fee of three thousand five  
2 hundred dollars. If paying the maximum fee, the unit investment trust is not  
3 required to file a sales report at the end of the expiration of the notice  
4 period.

5 E. A unit investment trust that elects to renew its notice filing in  
6 accordance with section 44-3322, subsection C shall pay both of the following  
7 nonrefundable notice filing fees:

8 1. For sales to be made during the renewal notice period, a unit  
9 investment trust may elect to pay either a minimum fee of two hundred dollars  
10 or a maximum fee of three thousand five hundred dollars. The fee shall be  
11 paid no later than the expiration date of the current notice period. If  
12 paying the maximum fee, a unit investment trust is not required to file a  
13 sales report within two months after the expiration of the renewal notice  
14 period.

15 2. A fee for sales that occurred during the expiring notice period, as  
16 those sales are reported pursuant to section 44-3323, subsection E. The fee  
17 shall be equal to one-tenth of one per cent of the aggregate dollar amount of  
18 securities actually sold in this state by the unit investment trust during  
19 the prior notice period minus two hundred dollars, but in no event more than  
20 three thousand three hundred dollars. The fee shall be paid no later than  
21 two months after the expiration date of the prior notice period. If the  
22 maximum fee was previously paid for the expiring notice period, the unit  
23 investment trust is not required to pay any additional fees under this  
24 paragraph.

25 F. A unit investment trust that does not renew its notice filing in  
26 accordance with section 44-3322, subsection C and that did not previously pay  
27 the maximum fee for the notice period shall pay, within two months after the  
28 expiration of the notice period, a nonrefundable notice filing fee for sales  
29 that occurred during the prior notice period as such sales are reported  
30 pursuant to section 44-3323, subsection F. The fee is equal to one-tenth of  
31 one per cent of the aggregate dollar amount of securities actually sold in  
32 this state by the unit investment trust during the prior notice period minus  
33 two hundred dollars, but in no event more than three thousand three hundred  
34 dollars. If the maximum fee was previously paid for the expiring notice  
35 period, the unit investment trust is not required to pay any additional fees  
36 under this subsection.

37 G. An issuer that fails to timely file any sales report required by  
38 section 44-3323 shall pay a late filing fee in the amount of two hundred  
39 dollars. An issuer that fails to timely pay any notice filing fees required  
40 pursuant to this section shall pay the required notice filing fee together  
41 with a late payment fee equal to one-half of the amount of the required  
42 notice filing fee.

43 H. The fees collected pursuant to this section shall be deposited as  
44 follows:

