Senate Engrossed

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
Senate
Fiftieth Legislature
Second Regular Session
2012

CHAPTER 296

SENATE BILL 1525

AN ACT

AMENDING SECTION 41-791, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2011, CHAPTER 27, SECTION 29; AMENDING SECTION 41-791, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2011, CHAPTER 27, SECTION 29 AND CHAPTER 157, SECTION 17; AMENDING SECTION 41-792.01, ARIZONA REVISED STATUTES; AMENDING SECTIONS 41-1272 AND 41-1304.05, ARIZONA REVISED STATUTES; REPEALING LAWS 2011, CHAPTER 26, SECTION 13; RELATING TO STATE BUDGET PROCEDURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 41-791, Arizona Revised Statutes, as amended by Laws 2011, chapter 27, section 29, is amended to read:

41-791. Powers and duties relating to public buildings maintenance; compensation of personnel

A. The department is responsible for the direction and control of public buildings maintenance as prescribed in this article.

B. The department is responsible for the allocation of space, operation, alteration, renovation and security of the following buildings:

1. The state capitol executive tower of the state capitol building.

2. The state office buildings in Tucson.

3. THE STATE OFFICE BUILDINGS LOCATED AT:

(a) 519 EAST BEALE STREET IN KINGMAN.

(b) 2910 NORTH 44TH STREET IN PHOENIX.

(c) 417 WEST ROOSEVELT STREET IN PHOENIX.

(d) 9535 EAST DOUBLETREE RANCH ROAD IN SCOTTSDALE.

(e) 9545 EAST DOUBLETREE RANCH ROAD IN SCOTTSDALE.

~~3.~~ 4. All other buildings owned or leased by the state and located near the state capitol building and the state office buildings in Tucson, except for:

(a) Buildings occupied, operated and maintained by the following state agencies:

(i) The department of transportation.

(ii) The Arizona power authority.

(iii) The state compensation fund.

(b) The state capitol museum, the legislative services wing, ~~and~~ the house of representatives and senate wings of the state capitol building AND THE BUILDING LOCATED AT 1716 W. ADAMS IN PHOENIX.

(c) The department of economic security facilities purchased with federal funding assistance and exclusively and continuously operated and maintained for its own occupancy.

(d) The Arizona courts building.

C. The department is responsible for the maintenance of the following buildings and grounds:

1. The entire state capitol building and the grounds adjacent to it.

2. The state office buildings in Tucson and the grounds adjacent to them.

3. Other buildings and grounds owned or leased by the state if the function is not otherwise assigned, except for the interior of the Arizona courts building.

D. The director may establish rules for the operation, maintenance and security of buildings and grounds under the director's jurisdiction.

E. The department shall:

1. Employ engineers and maintenance and operations personnel as required, including a buildings manager for the state office buildings in Tucson.

2. Determine the hours of duty and assignment of personnel.

F. All personnel employed under this article are eligible to receive compensation as determined under section 38-611.

Sec. 2. Section 41-791, Arizona Revised Statutes, as amended by Laws 2011, chapter 27, section 29 and chapter 157, section 17, is amended to read:

41-791. Powers and duties relating to public buildings maintenance; compensation of personnel

A. The department is responsible for the direction and control of public buildings maintenance as prescribed in this article.

B. The department is responsible for the allocation of space, operation, alteration, renovation and security of the following buildings:

1. The state capitol executive tower of the state capitol building.

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(i) The department of transportation.

(ii) The Arizona power authority.

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(c) The department of economic security facilities purchased with federal funding assistance and exclusively and continuously operated and maintained for its own occupancy.

(d) The Arizona courts building.

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D. The director may establish rules for the operation, maintenance and security of buildings and grounds under the director's jurisdiction.

E. The department shall:

1. Employ engineers and maintenance and operations personnel as required, including a buildings manager for the state office buildings in Tucson.

2. Determine the hours of duty and assignment of personnel.

F. All personnel employed under this article are eligible to receive compensation as determined under section 38-611.

Sec. 3. Section 41-792.01, Arizona Revised Statutes, is amended to read:

41-792.01. Capital outlay stabilization fund; authorization for collection of rental; basis of payment; distribution of monies collected; transfer of payment; lease-purchase building operating and maintenance fund; definition

A. The capital outlay stabilization fund is established which shall consist of monies paid into it in accordance with subsections D and F of this section and legislative appropriations to the account. All monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

B. The director shall make a recommendation for the allocation of a varying sum to the capital outlay stabilization fund each year. No part of the fund may be expended without specific appropriation from the legislature.

C. Each state department and each state agency when using space under the jurisdiction of the department as prescribed in section 41-791 or when using space in a building ~~owned by or~~ leased to the state shall pay rental and tenant improvement labor costs as prescribed in subsection D, E or F of this section.

D. The rental rates authorized for agencies occupying state-owned buildings shall be determined by the joint committee on capital review after recommendation by the director before July 1 of each even-numbered year. The rental is payable whether the state department or state agency is funded in whole or in part by state monies. The department of administration shall transfer the entire amount of the rental fee assessed on a state agency from the agency account into the capital outlay stabilization fund promptly at the start of each fiscal year. During the remainder of the fiscal year, the department of administration shall calculate pro rata adjustments to the rental fee on a monthly basis to reflect any changes in the occupancy of state-owned buildings. The department of administration shall transfer the amount of the rental fee adjustment assessed on a state agency from the agency account into the capital outlay stabilization fund. The rental fee authorized for state agencies occupying state-owned buildings is the greater of the amount included in each agency's annual operating budget as reported by the staff of the joint legislative budget committee or the pro rata

adjusted amount based on actual occupancy. The director of the department of administration may authorize an exemption for periods of one year or more at a time for a state agency from the full payment account transfer requirements of this subsection if the agency can demonstrate a practice of making full payment of rent on a different basis necessitated by its cash flow. If a state agency does not have the financial resources for state-owned space, or does not occupy or vacates state-owned space after the beginning of the fiscal year, the director of the department of administration, on recommendation of the joint committee on capital review, may authorize a whole or partial exemption from payment of the rental fee.

E. The rental authorized for state agencies occupying state leased buildings shall be the greater of the amount included in each agency's annual operating budget as reported by the staff of the joint legislative budget committee or the pro rata adjusted amount based on actual occupancy. The rental amount shall include the amount necessary to pay the lease or lease-purchase obligation and may include the amount necessary to pay operating costs associated with the lease-purchase buildings. The rental is payable whether the state department or state agency is funded in whole or in part by state monies. At the start of each fiscal year, the department of administration shall transfer the entire amount of the rental fee assessed on a state agency from the agency account into the department of administration's funds established for the purposes of this subsection. The department shall transfer from the applicable state agency budgets to the lease-purchase building operating and maintenance fund established in subsection I of this section amounts necessary to pay all operating costs associated with a lease-purchase building in the amounts reported by the staff of the joint legislative budget committee. During the remainder of the fiscal year, the department of administration shall calculate pro rata adjustments to the rental fee on a monthly basis to reflect any changes in the occupancy of state leased buildings. The director of the department of administration may authorize an exemption for a state agency from the full payment account transfer requirements of this subsection for one year periods or longer periods if the agency can demonstrate a practice of making full payment of rent on a different basis necessitated by its cash flow. If a state agency does not have the financial resources for state leased space, or does not occupy or vacates state leased space after the beginning of the fiscal year, the director of the department of administration, on recommendation of the joint committee on capital review, may authorize a whole or partial exemption from payment of the rental fee.

F. The department shall charge state agencies for the full costs of labor services it provides to accomplish tenant improvement projects within a building owned by or leased to the state. Charges for this labor shall be deposited in the capital outlay stabilization fund.

G. State universities, community colleges and the department of transportation are exempt from the provisions of this section, except when these state agencies are using space under the jurisdiction of the department of administration.

H. The department shall not begin to charge rental or tenant improvement labor costs as prescribed in subsection D, E or F of this section until July 1, 2012 for any buildings operated by the secretary of state primarily for the purpose of storing, managing or preserving a large amount of public records or archival material.

I. The lease-purchase building operating and maintenance fund is established consisting of monies transferred into it in accordance with subsection E of this section. All monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations. Monies in the fund are subject to legislative appropriation.

J. FOR THE PURPOSES OF THIS SECTION, BUILDINGS LEASED BY THIS STATE THROUGH THE SALE AND LEASE-BACK DEFICIT FINANCING MECHANISM ARE CONSIDERED STATE-OWNED BUILDINGS.

~~J.~~ K. For the purposes of this section, "state department" or "state agency" means any department or agency of the executive or judicial branch of state government.

Sec. 4. Section 41-1272, Arizona Revised Statutes, is amended to read:

41-1272. Powers and duties; finances

A. The joint legislative budget committee shall:

1. Ascertain facts and make recommendations to the legislature relating to the state budget, revenues and expenditures of the state, future fiscal needs, the organization and functions of state agencies or their divisions and such other matters incident to the above functions as may be provided for by rules of the joint legislative budget committee.

2. Implement a system of fiscal notes to apply to those bills introduced in the legislature that have a fiscal impact. These fiscal notes shall also reflect the fiscal impact of legislation on cities, counties and all other political subdivisions of the state.

3. Implement a system of fiscal notes for any rule as defined by section 41-1001 which has a fiscal impact.

4. Analyze the state tax structure, tax burdens on individuals and businesses and tax incentives for existing and prospective businesses. The analyses shall include:

(a) Projection of the impact of industry specific tax incentive proposals on the state revenue base.

(b) Comparison among states of relative tax burdens on existing and prospective businesses.

(c) Determination of reliance and incidence aspects of the tax structure of this state.

5. Implement a system of fiscal analysis that applies to those bills introduced in the legislature that involve one or more proposed changes in the tax laws. Unless it is unreasonable to do so, the fiscal analysis shall be based on assumptions that estimate the probable behavioral response of taxpayers, businesses and other citizens and shall include within the analysis a statement identifying those assumptions.

6. Adopt rules.

B. The joint legislative budget committee may:

1. Make studies, conduct inquiries and investigations and hold hearings.

2. Meet and conduct its business any place within the state during the sessions of the legislature or any recess of the legislature and in the period when the legislature is not in session.

3. Establish subcommittees from the membership of the legislature and assign to such subcommittee any study, inquiry, investigation or hearing with the right to call witnesses which the joint legislative budget committee has authority to undertake.

C. THE JOINT LEGISLATIVE BUDGET COMMITTEE MAY OBTAIN OPERATIONAL AND MAINTENANCE ASSISTANCE FOR ANY FACILITY UNDER THE CONTROL OF THE COMMITTEE WITHOUT CHARGE FROM THE DEPARTMENT OF ADMINISTRATION, MAY OBTAIN SECURITY ASSISTANCE FROM THE DEPARTMENT OF PUBLIC SAFETY, MAY EMPLOY PERSONNEL TO DISCHARGE OPERATIONAL, MAINTENANCE AND SECURITY FUNCTIONS OR MAY CONTRACT FOR OUTSIDE SERVICES PAYABLE FROM JOINT LEGISLATIVE BUDGET COMMITTEE APPROPRIATIONS.

~~C.~~ D. The joint legislative budget committee shall have the powers conferred by law upon legislative committees.

~~D.~~ E. Members of the joint legislative budget committee shall be reimbursed by their respective houses in the same manner as is provided by law for a member of the legislature who attends a duly called meeting of a standing committee.

Sec. 5. Section 41-1304.05, Arizona Revised Statutes, is amended to read:

41-1304.05. <u>State capitol building areas and other facilities; jurisdiction; maintenance; definition</u>

A. The legislative council is responsible for the allocation of space, operation, alteration, renovation and control of the following:

1. The original 1898 statehouse area of the state capitol building known as the state capitol museum.

2. The 1919 wing and the 1938 justice addition of the state capitol building known jointly as the legislative services wing.

3. Any other facility acquired for legislative use and placed under legislative council jurisdiction and the grounds adjacent to it.

4. Except as provided in subsections B and C of this section, the grounds adjacent to the state capitol museum, the legislative services wing, the house of representatives wing and the senate wing and comprising the area

east of the state capitol executive tower with a northern boundary of west Adams street, an eastern boundary of Seventeenth avenue and a southern boundary of west Jefferson street in Phoenix, Arizona.

B. The speaker of the state house of representatives is responsible for the following:

1. The allocation of space, operation, alteration, renovation and control of the house of representatives wing of the state capitol building.

2. The allocation of space and control of the parking lot area adjacent to the house of representatives wing, the parking lot area with a southern boundary of west Adams street, an eastern boundary of Seventeenth avenue and a northern boundary of west Monroe street in Phoenix, Arizona and comprised of one hundred five parking spaces and the southeast portion of the parking lot area with a southern boundary of west Monroe street and an eastern boundary of Seventeenth avenue in Phoenix, Arizona and comprised of fifty parking spaces.

C. The president of the state senate is responsible for the following:

1. The allocation of space, operation, alteration, renovation and control of the senate wing of the state capitol building.

2. The allocation of space and control of the parking lot area adjacent to the senate wing and the southwest portion of the parking lot area of the Wesley Bolin memorial plaza east of the state capitol building and comprised of one hundred twenty parking spaces.

D. THE JOINT LEGISLATIVE BUDGET COMMITTEE IS RESPONSIBLE FOR THE ALLOCATION OF SPACE, OPERATION, ALTERATION, RENOVATION AND CONTROL OF THE BUILDING LOCATED AT 1716 W. ADAMS IN PHOENIX.

~~D.~~ E. The director of the department of administration is responsible for the maintenance of the entire state capitol building.

~~E.~~ F. For the purposes of this section, "control" includes security services.

Sec. 6. <u>Repeal; retroactivity</u>

A. Laws 2011, chapter 26, section 13 is repealed.

B. This section is effective retroactively to from and after June 28, 2012.

Sec. 7. <u>Unrestricted federal monies</u>

Any unrestricted federal monies received by this state from July 1, 2012 through June 30, 2013 shall be deposited in the state general fund. The monies shall be used for the payment of essential governmental services.

Sec. 8. <u>Rental rates; state-owned buildings; fiscal year 2012-2013; intent</u>

Notwithstanding section 41-792.01, subsection D, Arizona Revised Statutes, as amended by this act:

1. The capital outlay stabilization fund rental rates for state-owned buildings in fiscal year 2012-2013 shall decrease from $15.08 per square foot for office space to $13.82 per square foot and from $5.47 per square foot for storage space to $5.01 per square foot. It is the intent of the legislature

that the square footage calculations be based on the methodology currently used by the department of administration.

2. The rental rate charged for state agencies occupying state-owned buildings shall be the amount included in each state agency's fiscal year 2012-2013 annual operating budget as reported by the joint legislative budget committee staff.

3. It is the intent of the legislature that the rental rates be converted from usable square feet to rentable square feet in fiscal year 2013-2014 only if there is no state general fund impact.

Sec. 9. State agencies; five-year strategic plan; exemptions

A. Notwithstanding section 35-122, Arizona Revised Statutes, except as provided in subsection B of this section, all state agency budget units shall submit a five-year strategic plan to the governor along with the budget estimates required by section 35-113, Arizona Revised Statutes, for fiscal year 2013-2014. The director of the governor's office of strategic planning and budgeting may determine the required contents of the five-year strategic plan.

B. The requirements of subsection A of this section do not apply to the house of representatives, the senate, any budget unit that reports to the legislature or the judiciary.

Sec. 10. Annual budgets

Notwithstanding section 35-121, Arizona Revised Statutes, for fiscal year 2012-2013, appropriations for all budget units may be limited to one fiscal year.

Sec. 11. Effective date

Section 41-791, Arizona Revised Statutes, as amended by Laws 2011, chapter 27, section 29 and chapter 157, section 17 and this act, is effective from and after December 31, 2012.

APPROVED BY THE GOVERNOR MAY 7, 2012.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 8, 2012.

Passed the House May 1, 2012,

by the following vote: 40 Ayes,

20 Nays, 0 Not Voting

Speaker of the House

Cheryl Laube

Chief Clerk of the House

Passed the Senate May 1, 2012,

by the following vote: 21 Ayes,

9 Nays, 0 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

1 day of May, 2012,

at 2:15 o'clock P M.

Secretary to the Governor

Approved this 7th day of

May, 2012

at 3:52 o'clock P. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 8th day of May, 2012,

at 8:25 o'clock a M.

Secretary of State

S.B. 1525