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FILED
KEN BENNETT
SECRETARY OF STATE

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Second Regular Session
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CHAPTER 14

HOUSE BILL 2708

AN ACT

AMENDING SECTIONS 38-848, 41-3504 AND 49-1023, ARIZONA REVISED STATUTES; PROVIDING FOR THE DELAYED REPEAL OF LAWS 2004, CHAPTER 273, SECTION 8, AS AMENDED BY LAWS 2013, CHAPTER 244, SECTION 3; AMENDING LAWS 2004, CHAPTER 273, SECTION 9, AS AMENDED BY LAWS 2013, CHAPTER 244, SECTION 4; 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 38-848, Arizona Revised Statutes, is amended to read:

38-848. Board of trustees; powers and duties; independent trust fund; administrator; agents and employees

A. The board of trustees shall consist of seven members and shall have the rights, powers and duties that are set forth in this section. The term of office of members shall be five years to expire on the third Monday in January of the appropriate year. Members are eligible to receive compensation in an amount of fifty dollars a day, but not to exceed one thousand dollars in any one fiscal year, and are eligible for reimbursement of expenses pursuant to chapter 4, article 2 of this title. The board consists of the following members appointed by the governor pursuant to section 38-211:

1. Two elected members from a local board to represent the employees.

2. One member to represent this state as an employer of public safety personnel. This member shall have the qualifications prescribed in subsection T of this section.

3. One member to represent the cities as employers of public safety personnel.

4. An elected county or state official or a judge of the superior court, court of appeals or supreme court.

5. Two public members. These members shall have the qualifications prescribed in subsection T of this section.

B. All monies in the fund shall be deposited and held in a public safety personnel retirement system depository. Monies in the fund shall be disbursed from the depository separate and apart from all monies or funds of this state and the agencies, instrumentalities and subdivisions of this state, except that the board may commingle the assets of the fund and the assets of all other plans entrusted to its management in one or more group trusts, subject to the crediting of receipts and earnings and charging of payments to the appropriate employer, system or plan. The monies shall be secured by the depository in which they are deposited and held to the same extent and in the same manner as required by the general depository law of this state. For purposes of making the decision to invest in securities owned by the fund or any plan or trust administered by the board, the fund and assets of the plans and the plans' trusts are subject to the sole management of the board for the purpose of this article except that, on the board's election to invest in a particular security or make a particular investment, the assets comprising the security or investment may be chosen and managed by third parties approved by the board. The board may invest in portfolios of securities chosen and managed by a third party. The board's decision to invest in securities such as mutual funds, commingled investment funds, exchange traded funds, private equity or venture capital limited partnerships, real estate limited partnerships or limited liability companies

and real estate investment trusts whose assets are chosen and managed by third parties does not constitute an improper delegation of the board's investment authority.

C. All contributions under this system and other retirement plans that the board administers shall be forwarded to the board and shall be held, invested and reinvested by the board as provided in this article. All property and monies of the fund and other retirement plans that the board administers, including income from investments and from all other sources, shall be retained for the exclusive benefit of members, as provided in the system and other retirement plans that the board administers, and shall be used to pay benefits to members or their beneficiaries or to pay expenses of operation and administration of the system and fund and other retirement plans that the board administers.

D. The board shall have the full power in its sole discretion to invest and reinvest, alter and change the monies accumulated under the system and other retirement plans and trusts that the board administers as provided in this article. In addition to its power to make investments managed by others, the board may delegate the authority the board deems necessary and prudent to investment management pursuant to section 38-848.03, as well as to the administrator, employed by the board pursuant to subsection K, paragraph 6 of this section, and any assistant administrators to invest the monies of the system and other retirement plans and trusts that the board administers if the administrator, investment management and any assistant administrators follow the investment policies that are adopted by the board. The board may commingle securities and monies of the fund, the elected officials' retirement plan, the corrections officer retirement plan and other plans or monies entrusted to its care, subject to the crediting of receipts and earnings and charging of payments to the account of the appropriate employer, system or plan. In making every investment, the board shall exercise the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital, provided:

1. That not more than eighty per cent of the combined assets of the system or other plans that the board manages shall be invested at any given time in corporate stocks, based on cost value of such stocks irrespective of capital appreciation.

2. That no more than five per cent of the combined assets of the system or other plans that the board manages shall be invested in corporate stock issued by any one corporation, other than corporate stock issued by corporations chartered by the United States government or corporate stock issued by a bank or insurance company.

3. That not more than five per cent of the voting stock of any one corporation shall be owned by the system and other plans that the board

administers, except that this limitation does not apply to membership interests in limited liability companies.

4. That corporate stocks and exchange traded funds eligible for direct purchase shall be restricted to stocks and exchange traded funds that, except for bank stocks, insurance stocks, stocks acquired for coinvestment in connection with the system's or the plans' or trusts' commingled investments and interests in limited liability companies and mutual funds, are either:

(a) Listed or approved on issuance for listing on an exchange registered under the securities exchange act of 1934, as amended (15 United States Code sections 78a through 78ll).

(b) Designated or approved on notice of issuance for designation on the national market system of a national securities association registered under the securities exchange act of 1934, as amended (15 United States Code sections 78a through 78ll).

(c) Listed or approved on issuance for listing on an exchange registered under the laws of this state or any other state.

(d) Listed or approved on issuance for listing on an exchange of a foreign country with which the United States is maintaining diplomatic relations at the time of purchase, except that no more than twenty per cent of the combined assets of the system and other plans that the board manages shall be invested in foreign securities, based on the cost value of the stocks irrespective of capital appreciation.

(e) An exchange traded fund that is recommended by the chief investment officer of the system, that is registered under the investment company act of 1940 (15 United States Code sections 80a-1 through 80a-64) and that is both traded on a public exchange and based on a publicly recognized index.

E. Notwithstanding any other law, the board shall not be required to invest in any type of investment that is dictated or required by any entity of the federal government and that is intended to fund economic development projects, public works or social programs, but may consider such economically targeted investments pursuant to its fiduciary responsibility. The board, on behalf of the system and all other plans or trusts the board administers, may invest in, lend monies to or guarantee the repayment of monies by a limited liability company, limited partnership, joint venture, partnership, limited liability partnership or trust in which the system and plans or trusts have a financial interest, whether the entity is closely held or publicly traded and that, in turn, may be engaged in any lawful activity, including venture capital, private equity, the ownership, development, management, improvement or operation of real property and any improvements or businesses on real property or the lending of monies.

F. Conference call meetings of the board that are held for investment purposes only are not subject to chapter 3, article 3.1 of this title, except that the board shall maintain minutes of these conference call meetings and make them available for public inspection within twenty-four hours after the

meeting. The board shall review the minutes of each conference call meeting and shall ratify all legal actions taken during each conference call meeting at the next scheduled meeting of the board.

G. The board shall not be held liable for the exercise of more than ordinary care and prudence in the selection of investments and performance of its duties under the system and shall not be limited to so-called "legal investments for trustees", but all monies of the system and other plans that the board administers shall be invested subject to all of the conditions, limitations and restrictions imposed by law.

H. Except as provided in subsection D of this section, the board may:

1. Invest and reinvest the principal and income of all assets that the board manages without distinction between principal and income.

2. Sell, exchange, convey, transfer or otherwise dispose of any investments made on behalf of the system or other plans the board administers in the name of the system or plans by private contract or at public auction.

3. Also:

(a) Vote on any stocks, bonds or other securities.

(b) Give general or special proxies or powers of attorney with or without power of substitution.

(c) Exercise any conversion privileges, subscription rights or other options and make any payments incidental to the exercise of the conversion privileges, subscription rights or other options.

(d) Consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities, delegate discretionary powers and pay any assessments or charges in connection therewith.

(e) Generally exercise any of the powers of an owner with respect to stocks, bonds, securities or other investments held in or owned by the system or other plans whose assets the board administers.

4. Make, execute, acknowledge and deliver any other instruments that may be necessary or appropriate to carry out the powers granted in this section.

5. Register any investment held by the system or other plans whose assets the board administers in the name of the system or plan or in the name of a nominee or trust.

6. At the expense of the system or other plans that the board administers, enter into an agreement with any bank or banks for the safekeeping and handling of securities and other investments coming into the possession of the board. The agreement shall be entered into under terms and conditions that secure the proper safeguarding, inventory, withdrawal and handling of the securities and other investments. No access to and no deposit or withdrawal of the securities from any place of deposit selected by the board shall be permitted or made except as the terms of the agreement may provide.

7. Appear before local boards and the courts of this state and political subdivisions of this state through counsel or appointed

representative to protect the fund or the assets of other plans that the board administers. The board is not responsible for the actions or omissions of the local boards under this system but may seek review or rehearing of actions or omissions of local boards. The board does not have a duty to review actions of the local boards but may do so in its discretion in order to protect the fund. No limitations period precludes the board or administrator from contesting, or requires the board or administrator to implement or comply with, a local board decision that violates the internal revenue code or that threatens to impair the tax qualified status of the system or any plan administered by the board or administrator.

8. Empower the fund administrator to take actions on behalf of the board that are necessary for the protection and administration of the fund or the assets of other plans that the board administers pursuant to the guidelines of the board.

9. Do all acts, whether or not expressly authorized, that may be deemed necessary or proper for the protection of the investments held in the fund or owned by other plans or trusts that the board administers.

10. Settle threatened or actual litigation against any system or plan that the board administers.

I. Investment expenses and operation and administrative expenses of the board shall be accounted for separately and allocated against investment income.

J. The board, as soon as possible within a period of six months following the close of any fiscal year, shall transmit to the governor and the legislature a comprehensive annual financial report on the operation of the system and other plans that the board administers containing, among other things:

1. A balance sheet.

2. A statement of income and expenditures for the year.

3. A report on an actuarial valuation of its assets and liabilities.

4. A list of investments owned.

5. The total rate of return, yield on cost, and per cent of cost to market value of the fund and the assets of other plans that the board administers.

6. Any other statistical and financial data that may be necessary for the proper understanding of the financial condition of the system and other plans that the board administers and the results of their operations. A synopsis of the annual report shall be published for the information of members of the system, the elected officials' retirement plan or the corrections officer retirement plan.

7. An analysis of the long-term level per cent of employer contributions and compensation structure and whether the funding methodology is sufficient to pay one hundred per cent of the unfunded accrued liability under the elected officials' retirement plan.

8. AN ESTIMATE OF THE AGGREGATE EMPLOYER CONTRIBUTION RATE FOR THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM FOR THE NEXT TEN FISCAL YEARS AND AN ESTIMATE OF THE AGGREGATE EMPLOYER CONTRIBUTION RATE FOR THE CORRECTIONS OFFICER RETIREMENT PLAN FOR THE NEXT TEN FISCAL YEARS.

9. AN ESTIMATE OF THE EMPLOYER CONTRIBUTION RATES FOR THE NEXT TEN FISCAL YEARS FOR EACH OF THE FOLLOWING EMPLOYERS WITHIN THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM:

(a) DEPARTMENT OF LIQUOR LICENSES AND CONTROL.

(b) DEPARTMENT OF PUBLIC SAFETY.

(c) NORTHERN ARIZONA UNIVERSITY.

(d) UNIVERSITY OF ARIZONA.

(e) ARIZONA STATE UNIVERSITY.

(f) ARIZONA GAME AND FISH DEPARTMENT.

(g) DEPARTMENT OF LAW.

(h) DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS.

(i) ARIZONA STATE PARKS BOARD.

10. AN ESTIMATE OF THE EMPLOYER CONTRIBUTION RATES FOR THE NEXT TEN FISCAL YEARS FOR EACH OF THE FOLLOWING EMPLOYERS WITHIN THE CORRECTIONS OFFICER RETIREMENT PLAN:

(a) STATE DEPARTMENT OF CORRECTIONS.

(b) DEPARTMENT OF PUBLIC SAFETY.

(c) THE JUDICIARY.

(d) DEPARTMENT OF JUVENILE CORRECTIONS.

K. The board shall:

1. Maintain the accounts of the system and other plans that the board administers and issue statements to each employer annually and to each member who may request it.

2. Report the results of the actuarial valuations to the local boards and employers.

3. Contract on a fee basis with an independent investment counsel to advise the board in the investment management of the fund and assets of other plans that the board administers and with an independent auditing firm to audit the board's accounting.

4. Permit the auditor general to make an annual audit and the results shall be transmitted to the governor and the legislature.

5. Contract on a fee basis with an actuary who shall make actuarial valuations of the system and other plans that the board administers, be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of the system, the elected officials' retirement plan, the corrections officer retirement plan and the fire fighter and peace officer cancer insurance policy program and perform other duties required in connection therewith. The actuary must be a member of a nationally recognized association or society of actuaries.

6. Employ, as administrator, a person, state department or other body to serve at the pleasure of the board.

7. Establish procedures and guidelines for contracts with actuaries, auditors, investment counsel and legal counsel and for safeguarding of securities.

L. The administrator, under the direction of the board, shall:

1. Administer this article.

2. Be responsible for the recruitment, hiring and day-to-day management of employees.

3. Invest the funds of the system and other plans that the board administers as the board deems necessary and prudent as provided in subsections D and H of this section and subject to the investment policies and fund objectives adopted by the board.

4. Establish and maintain an adequate system of accounts and records for the system and other plans that the board administers, which shall be integrated with the accounts, records and procedures of the employers so that the system and other plans that the board administers operates most effectively and at minimum expense and that duplication of records and accounts is avoided.

5. In accordance with the board's governance policy and procedures and the budget adopted by the board, hire such employees and services the administrator deems necessary and prescribe their duties, including the hiring of one or more assistant administrators to manage the system's operations, investments and legal affairs.

6. Be responsible for income, the collection of the income and the accuracy of all expenditures.

7. Recommend to the board annual contracts for the system's actuary, auditor, investment counsel, legal counsel and safeguarding of securities.

8. Perform additional duties and powers prescribed by the board and delegated to the administrator.

M. The system is an independent trust fund and the board is not subject to title 41, chapter 6. Contracts for goods and services approved by the board are not subject to title 41, chapter 23. As an independent trust fund whose assets are separate and apart from all other funds of this state, the system and the board are not subject to the restrictions prescribed in section 35-154 or article IX, sections 5 and 8, Constitution of Arizona. Loans, guarantees, investment management agreements and investment contracts that are entered into by the board are contracts memorializing obligations or interests in securities that the board has concluded, after thorough due diligence, do not involve investments in Sudan or Iran or otherwise provide support to terrorists or in any way facilitate illegal immigration into the United States. These contracts do not involve the procurement, supply or provision of goods, equipment, labor, materials or services that would require the ~~certifications or~~ warranties required by ~~sections 35-391.06, 35-393.06 and~~ SECTION 41-4401.

N. The board, the administrator, the assistant administrators and all persons employed by them are subject to title 41, chapter 4, article 4. The

administrator, assistant administrators and other employees of the board are entitled to receive compensation pursuant to section 38-611.

O. In consultation with the director of the department of administration, the board may enter into employment agreements and establish the terms of those agreements with persons holding any of the following system positions:

1. Administrator.
2. Deputy or assistant administrator.
3. Chief investment officer.
4. Deputy chief investment officer.
5. Fiduciary or investment counsel.

P. The attorney general or an attorney approved by the attorney general and paid by the fund shall be the attorney for the board and shall represent the board in any legal proceeding or forum that the board deems appropriate. The board, administrator, assistant administrators and employees of the board are not personally liable for any acts done in their official capacity in good faith reliance on the written opinions of the board's attorney.

Q. At least once in each five-year period after the effective date, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the system and other plans that the board administers and shall make a special valuation of the assets and liabilities of the monies of the system and plans. Taking into account the results of the investigation and special valuation, the board shall adopt for the system and other plans that the board administers those mortality, service and other tables deemed necessary.

R. On the basis of the tables the board adopts, the actuary shall make a valuation of the assets and liabilities of the funds of the system and other plans that the board administers not less frequently than every year. By November 1 of each year the board shall provide a preliminary report and by December 15 of each year provide a final report to the governor, the speaker of the house of representatives and the president of the senate on the contribution rate for the ensuing fiscal year.

S. Neither the board nor any member or employee of the board shall directly or indirectly, for himself or as an agent, in any manner use the monies or deposits of the fund except to make current and necessary payments, nor shall the board or any member or employee become an endorser or surety or in any manner an obligor for monies loaned by or borrowed from the fund or the assets of any other plans that the board administers.

T. The members of the board who are appointed pursuant to subsection A, paragraphs 2 and 5 of this section shall have at least ten years' substantial experience as any one or a combination of the following:

1. A portfolio manager acting in a fiduciary capacity.
2. A securities analyst.

3. An employee or principal of a trust institution, investment organization or endowment fund acting either in a management or an investment related capacity.

4. A chartered financial analyst in good standing as determined by the association for investment management and research.

5. A professor at the university level teaching economics or investment related subjects.

6. An economist.

7. Any other professional engaged in the field of public or private finances.

U. Financial or commercial information that is provided to the board, employees of the board and attorneys of the board in connection with investments in which the board has invested or investments the board has considered for investment is confidential, proprietary and not a public record if the information is information that would customarily not be released to the public by the person or entity from whom the information was obtained.

Sec. 2. Section 41-3504, Arizona Revised Statutes, is amended to read:

41-3504. <u>Powers and duties of the department; violation; classification</u>

A. The department shall:

1. Develop, implement and maintain a coordinated statewide plan for information technology. This includes:

(a) Adopting statewide technical, coordination and security standards for information technology.

(b) Serving as statewide coordinator for information technology resources.

(c) Developing a statewide disaster recovery plan.

(d) Developing a list of approved department projects by priority category.

(e) Developing a detailed list of information technology assets owned, leased or employed by this state.

(f) Evaluating and either approving or disapproving budget unit information technology plans. Budget units shall submit information technology plans that include quality assurance plans and disaster recovery plans to the department each year on or before September 1. The legislative and judicial departments of state government shall submit information technology plans for information purposes.

(g) Evaluating specific information technology projects relating to the approved budget unit and statewide information technology plans. The department shall approve or reject projects with total costs of at least twenty-five thousand dollars but not more than one million dollars and may establish conditional approval criteria, including procurement purchase authority. If the total project costs exceed one million dollars, the department shall evaluate the project and make recommendations to the

committee. IF THE TOTAL PROJECT COSTS EXCEED FIVE MILLION DOLLARS, THE DEPARTMENT SHALL REQUIRE THE BUDGET UNIT TO CONTRACT WITH AN INDEPENDENT THIRD PARTY FOR REVIEW OF AND GUIDANCE ON THE TECHNOLOGY APPROACH, SCOPE, ESTIMATED COST, TIMELINE FOR COMPLETION AND OVERALL FEASIBILITY OF THE PROJECT BEFORE MAKING RECOMMENDATIONS TO THE COMMITTEE. ~~Beginning on June 1, 1998,~~ As part of a budget request for an information technology project that has total costs of at least twenty-five thousand dollars, a budget unit shall indicate the status of review by the department. Projects shall not be artificially divided to avoid review by the department.

2. Require that budget units incorporate A life cycle analysis into the information technology planning, budgeting and procurement processes.

3. Require that budget units demonstrate expertise to carry out information technology plans, either by employing staff or contracting for outside services.

4. Monitor information technology projects that the department considers to be major or critical, including expenditure and activity reports and periodic review.

5. Temporarily suspend the expenditure of monies if the department determines that the information technology project is at risk of failing to achieve its intended results or does not comply with the requirements of this section.

6. Continuously study emergent technology and evaluate its impact on this state's system.

7. Advise each budget unit as necessary and report to the committee on an annual basis.

8. Provide to budget units information technology consulting services it deems necessary, either directly or by procuring outside consulting services.

9. Maintain all otherwise confidential information received from a budget unit pursuant to this section as confidential.

10. Provide staff support to the committee.

11. Subject to section 35-149, accept, spend and account for grants, monies and direct payments from public or private sources and other grants of monies or property for the conduct of programs that it deems consistent with the government information technology purposes and objectives of the department.

12. Adopt rules it deems necessary or desirable to further the government information technology objectives and programs of the department.

13. Formulate policies, plans and programs to effectuate the government information technology purposes of the department.

14. Advise and make recommendations to the governor and the legislature on all matters concerning its objectives.

15. Contract and enter into interagency and intergovernmental agreements pursuant to title 11, chapter 7, article 3 with any public or private party.

16. Have an official seal that shall be judicially noticed.

17. On or before December 31, 2015, establish an interactive online directory of codes, rules, ordinances, if available electronically, and statutes to assist individuals and businesses with regulatory requirements and obligations. As provided in this paragraph, counties, municipalities and budget units shall submit information in a manner and format prescribed by the agency.

B. The department shall advise the judicial and legislative branches of state government concerning information technology.

C. The department may examine all books, papers, records and documents in the office of any budget unit and may require any state officer of the budget unit to furnish information or statements necessary to carry out ~~the provisions of~~ this chapter.

D. The director, any member of the director's staff or any employee who knowingly divulges or makes known in any manner not permitted by law any particulars of any confidential record, document or information is guilty of a class 5 felony.

Sec. 3. Section 49-1023, Arizona Revised Statutes, is amended to read:

49-1023. Delivery prohibition; stop use tag; definitions

A. ~~Beginning January 1, 2009,~~ A product deliverer shall not deliver, deposit or place a regulated substance into an underground storage tank that has a stop use tag from the director affixed to a fill pipe of the underground storage tank pursuant to subsection B of this section.

B. The director may issue a stop use order to the owner and operator of the underground storage tank and affix a stop use tag that is easily visible to the product deliverer on all fill pipes of the underground storage tank to stop operation of the underground storage tank if ~~both~~ EITHER of the following exist:

1. The director has determined that the underground storage tank is in violation of section 49-1003 or 49-1009 or the rules adopted pursuant to those sections, as applicable~~.~~

~~2.~~ AND the continued operation of the underground storage tank may result in a continued release or new release from the underground storage tank.

2. THE DIRECTOR HAS DETERMINED THAT THE UNDERGROUND STORAGE TANK IS IN VIOLATION OF SECTION 49-1006 OR THE RULES ADOPTED PURSUANT TO THAT SECTION, AFTER PROVIDING THE OWNER AND OPERATOR WITH THIRTY DAYS NOTICE AND AN OPPORTUNITY TO DEMONSTRATE COMPLIANCE.

C. A stop use order becomes effective immediately on issuance and suspends use of the underground storage tank.

D. The owner and operator of an underground storage tank that has received a stop use tag pursuant to subsection B of this section shall ensure that no person removes or tampers with the stop use tag until the requirements for return of the underground storage tank to operation pursuant to subsection E of this section are met, and shall immediately empty the

underground storage tank and comply with the remaining temporary closure requirements adopted under section 49-1008.

E. An owner or operator shall not bring an underground storage tank that has received a stop use tag pursuant to subsection B of this section back into operation until the owner or operator has demonstrated to the director that the underground storage tank meets the requirements of sections 49-1003, 49-1006 and 49-1009 and the rules adopted pursuant to those sections, as applicable, and the owner or operator has received written confirmation from the director that the requirements of sections 49-1003, 49-1006 and 49-1009 and the rules adopted pursuant to those sections, as applicable, have been met. The director shall provide written confirmation as soon as practicable, but not later than five business days, to the owner or operator that the requirements of sections 49-1003, 49-1006 and 49-1009 and the rules adopted pursuant to those sections have been met.

F. Upon issuance of a stop use order, the director shall notify product deliverers by posting on the department's website the name and location of a facility with an underground storage tank that has a stop use tag. The notice shall also specify which underground storage tank at the facility has a stop use tag.

G. The director shall remove the stop use notice from the department's website within five business days after determining that the requirements of subsection E of this section have been met.

H. The director may adopt rules to implement this section.

I. For the purposes of this section:

1. "Product deliverer" means a person, including an owner, operator or oil company, or a distributor as defined in section 28-5601, a supplier as defined in section 28-5601, a petroleum transportation company and any other entity that delivers, deposits or places a regulated substance into an underground storage tank.

2. "Stop use tag" means a tag, device or mechanism that is prescribed by the director, that is designed to be affixed to a fill pipe of an underground storage tank and that clearly states and conveys that it is unlawful to deliver, deposit or place a regulated substance into the underground storage tank to which it is affixed.

Sec. 4. <u>Delayed repeal</u>

Laws 2004, chapter 273, section 8, as amended by Laws 2013, chapter 244, section 3, is repealed from and after December 31, 2014.

Sec. 5. Laws 2004, chapter 273, section 9, as amended by Laws 2013, chapter 244, section 4, is amended to read:

Sec. 9. <u>Underground storage tank assurance account; termination of eligibility</u>

Notwithstanding any other law:

1. From and after June 30, 2006, only releases of a regulated substance that are reported before July 1, 2006 as provided in section 49-1004, Arizona Revised Statutes, are subject to coverage for corrective

action costs from the underground storage tank assurance account ~~except that releases that are reported on or after July 1, 2006 and that are reported at a site that is otherwise in compliance with title 49, Arizona Revised Statutes, and rules enacted under that authority and that could not have been reported before July 1, 2006 with the exercise of reasonable diligence are eligible for coverage. If the underground storage tank assurance account does not have sufficient monies to pay for coverage of all releases, releases that are reported on or after July 1, 2006 are eligible for coverage for corrective action costs from the underground storage tank assurance account in priority after releases of a regulated substance that are reported before July 1, 2006~~.

2. An application for reimbursement for or direct payment of eligible reasonable and necessary costs from the underground storage tank assurance account shall be filed with the department of environmental quality no later than 5:00 p.m. on December 31, 2015.

3. An application for preapproval made pursuant to section 49-1052, subsection I, Arizona Revised Statutes, or section 49-1053, Arizona Revised Statutes, shall be filed with the department of environmental quality no later than 5:00 p.m. on December 31, 2014.

4. Any application made or expense incurred after December 31, 2015 is not eligible for coverage from the underground storage tank assurance account and all such claims are extinguished.

5. The department of environmental quality is not required to take any action on an application for coverage, reimbursement or payment from the underground storage tank assurance account or on an application for preapproval ~~until after the underground storage tank program study committee submits a report of its findings and recommendations to the governor, the president of the senate and the speaker of the house of representatives and only if the underground storage tank assurance account has sufficient monies to pay claims~~ UNTIL A NEW REVISED UNDERGROUND STORAGE TANK CORRECTIVE ACTION PROGRAM IS EFFECTIVE.

6. If the underground storage tank assurance account does not have sufficient monies to pay all claims by the date of the termination of the account as otherwise provided by law, any claims unpaid on the date of termination of the account are extinguished without regard to whether those claims were eligible for coverage from the account.

Sec. 6. Unrestricted federal monies

Any unrestricted federal monies received by this state beginning July 1, 2014 through June 30, 2015 must be deposited in the state general fund. The monies must be used for the payment of essential governmental services.

Sec. 7. Rental rates; state-owned buildings; fiscal year 2014-2015

Notwithstanding section 41-792.01, subsection D, Arizona Revised Statutes, the capital outlay stabilization fund rental rates for state-owned

buildings in fiscal year 2014-2015 are $13.08 per square foot for office space and $4.74 per square foot for storage space.

Sec. 8. Annual budgets

A. Notwithstanding section 35-121, Arizona Revised Statutes, for fiscal years 2014-2015, 2015-2016 and 2016-2017, appropriations for all budget units may be limited to one fiscal year.

B. Notwithstanding section 35-111, Arizona Revised Statutes, the governor shall submit a budget only for the next fiscal year not later than five days after the regular session of the legislature convenes in 2015.

C. Notwithstanding section 35-113, Arizona Revised Statutes, the head of each budget unit shall submit a budget estimate only for the next fiscal year in calendar year 2014.

Sec. 9. Department of administration; Arizona financial information system; replacement; exemption

Of the $28,638,000 appropriated to the department of administration in fiscal year 2013-2014 by Laws 2013, first special session, chapter 1, section 115, subsection A, the sum of $4,132,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations for fiscal years 2014-2015 and 2015-2016 for the purpose of paying contingency costs related to the replacement of the Arizona financial information system.

Sec. 10. State lottery fund; use

Lottery ticket sales commissions in the amount of $25,836,400 earned beginning January 1, 2013 through June 30, 2013 must be paid only from the fiscal year 2012-2013 ending balance of the state lottery fund established by section 5-571, Arizona Revised Statutes.

Sec. 11. Department of administration; building renewal; demolition

Notwithstanding title 41, chapter 4, article 7, Arizona Revised Statutes, the department of administration may use monies appropriated for building renewal for fiscal year 2014-2015 for building demolition.

Sec. 12. Legislative intent; underground storage tank assurance account

It is the intent of the legislature that the monies in the underground storage tank assurance account established by section 49-1015, Arizona Revised Statutes, be used to fund a new and revised underground storage tank corrective action program and implement both the new corrective action program and the existing underground storage tank leak prevention program. The new program must require the department of environmental quality to use assurance account monies to conduct a baseline assessment of all existing underground storage tanks to determine whether they are leaking and to perform any corrective action necessary in consultation with the owner and operator. The department of environmental quality shall use assurance account monies to remove underground storage tanks at the request of the owner or operator. The new program must include a requirement that all

owners and operators of underground storage tanks who use private insurance to meet financial responsibility requirements obtain a standard policy to be developed by the department of environmental quality in cooperation with the department of insurance and insurance carriers. The new program also shall provide the department of environmental quality with the authority to prohibit delivery of fuel to any underground storage tank system that fails to meet the requirements of the new program and to establish reasonable deductibles to be paid by owners and operators to defray the costs for the baseline assessments, corrective actions and tank removals.

APPROVED BY THE GOVERNOR APRIL 11, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 11, 2014.

Passed the House March 27, 2014

by the following vote: 35 Ayes,

25 Nays, 0 Not Voting

Speaker of the House

Chief Clerk of the House

Passed the Senate April 1, 2014

by the following vote: 17 Ayes,

13 Nays, 0 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20_____

at _____ o'clock _____M.

_____
Secretary to the Governor

Approved this _____day of

_____

at _____o'clock _____M.

_____
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20_____

at _____ o'clock _____M.

_____
Secretary of State

H.B. 2708

HOUSE FINAL PASSAGE
as per Joint Conference

Passed the House April 7, 2014

by the following vote: 36 Ayes,

19 Nays, 5 Not Voting

Speaker of the House

Pro Tempore

Cheryl Laube

Chief Clerk of the House

SENATE FINAL PASSAGE
as per Joint Conference

Passed the Senate April 7, 2014

by the following vote: 17 Ayes,

12 Nays, 1 Not Voting

President of the Senate

Charmion Billington

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

8 day of April, 2014

at 3:35 o'clock P M.

Mubriala Howard

Secretary to the Governor

Approved this 11th day of

April

at 12:04 o'clock P. M.

Janice K. Brewer

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 11th day of April, 2014

at 2:31 o'clock P M.

Ken Bennett

Secretary of State

H.B. 2708