Senate Engrossed

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
Senate
Fifty-second Legislature
First Regular Session
2015

CHAPTER 11

SENATE BILL 1472

AN ACT

AMENDING SECTIONS 35-115, 35-142 AND 41-707, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 4, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-740.01; AMENDING SECTION 41-1273, ARIZONA REVISED STATUTES; 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 35-115, Arizona Revised Statutes, is amended to read:

35-115. Contents of budget report

Each budget report as required by section 35-111 shall include the following:

1. Summary statements of the financial condition of the state, to include:

(a) A consolidated balance sheet showing all current assets and liabilities of the state at the close of the fiscal year last concluded.

(b) Summary statements of the actual income and expenditures of the fiscal year last concluded.

(c) Similar summary statements of estimated fund balances for the current fiscal year.

2. Schedules showing actual income from each source for the preceding fiscal year and the estimated income of the current fiscal year and of the two ensuing fiscal years for biennial budget units and for the next fiscal year for annual budget units. The statements of income and estimated income shall be itemized by source, by budget units and sources~~,~~ and by funds and shall show separately revenue from nonrevenue, all detailed by sources.

3. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units, budget programs and budget classes, showing the expenditures for the fiscal year last concluded, and the estimated expenditures for the current year, and the request of each budget unit and the governor's recommendations for appropriations for the two ensuing fiscal years for biennial budget units and for the next fiscal year for annual budget units, all distributed according to budget programs and budget classes. In connection with each expenditure involving construction projects to be completed in one or more fiscal years, there shall be shown the total estimated cost of each project and the amount recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. The state capital improvement plan and the governor's recommendations concerning the plan shall be incorporated into the budget report.

4. A summary statement for each fund of the cash resources estimated to be available at the beginning of the next two fiscal years for biennial budget units and for the next fiscal year for annual budget units and the estimated cash receipts for the two ensuing fiscal years for biennial budget units and for the next fiscal year for annual budget units, as compared with the total recommended amounts for appropriations for all budget programs and budget classes for the two ensuing fiscal years for biennial budget units and for the next fiscal year for annual budget units, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of receipts from any proposed additional revenues.

5. A SUMMARY STATEMENT OF EXPENDITURES AND FULL-TIME EQUIVALENT POSITIONS FOR EACH RETIREMENT SYSTEM, DELINEATED BY FUND SOURCE.

~~5.~~ 6. Each fiscal year for annual budget units and biennially for biennial budget units, delineation of requested expenditures for administrative costs, including administrative personnel salaries and employee-related expenses and direct, indirect and shared costs for administrative office space, equipment, supplies and overhead. For THE purposes of this paragraph, "administrative" means any supportive activity relating to management, supervision, budget or execution of the affairs of the budget unit as distinguished from activities relating to its primary direct service functions. The process of delineation and determination of what constitutes administrative costs for each budget unit shall be developed by the governor's office of strategic planning and budgeting in consultation with the director and staff of the joint legislative budget committee.

~~6.~~ 7. A summary on one page or less providing selected performance measures of the budget unit for the previous fiscal year and the budget years. The performance measures may be expressed as service level measures on a unit cost basis and shall be established by the governor's office of strategic planning and budgeting in consultation with the director and staff of the joint legislative budget committee.

Sec. 2. Section 35-142, Arizona Revised Statutes, is amended to read:

35-142. Monies kept in funds separate from state general fund; receipt and withdrawal

A. All monies received for and belonging to the state shall be deposited in the state treasury and credited to the state general fund except the following, which shall be placed and retained in separate funds:

1. The unexpendable principal of monies received from federal land grants shall be placed in separate funds and the account of each such separate fund shall bear a title indicating the source and the institution or purpose to which such fund belongs.

2. The interest, rentals and other expendable money received as income from federal land grants shall be placed in separate accounts, each account bearing a title indicating the source and the institution or purpose to which the fund belongs. Such expendable monies shall be expended only as authorized, regulated and controlled by the general appropriation act or other act of the legislature.

3. All private or quasi-private monies authorized by law to be paid to or held by the state treasurer shall be placed in separate accounts, each account bearing a title indicating the source and purpose of such fund.

4. All monies legally pledged to retirement of building indebtedness or bonds issued by those institutions authorized to incur such indebtedness or to issue such bonds shall be placed in separate accounts.

5. Monies of a multi-county water conservation district authorized by law to be paid to or held by the state treasurer shall be placed in separate accounts, each account bearing a title indicating the source and purpose of such fund.

6. All monies collected by the Arizona game and fish department shall be deposited in a special fund known as the state game and fish protection fund for the use of the Arizona game and fish commission in carrying out the provisions of title 17.

7. All federal monies that are received by the department of economic security for family assistance benefits and medical eligibility as a result of efficiencies developed by the department of economic security and that would otherwise revert to the state general fund pursuant to section 35-190 shall be retained for use by the department of economic security in accordance with the terms and conditions imposed by the federal funding source in an account or accounts established or authorized by the state treasurer.

8. Monies designated by law as special state funds shall not be considered a part of the general fund. Unless otherwise prescribed by law, the state treasurer shall be the custodian of all such funds.

9. All monies received and any accounts established and maintained by the director of the Arizona state retirement system or the administrator of the public safety personnel retirement system, the corrections officer retirement plan and the elected officials' retirement plan.

10. Monies received by a state agency or institution as a gift, devise or donation shall not be considered a part of the state general fund or transferred to the state general fund unless the gift, devise or donation specifically authorizes a general state use for the monies. A state agency or institution that receives a monetary gift, devise or donation shall account for those monies separately.

B. No money shall be received or held by the state treasurer except as authorized by law, and in every instance the treasurer shall issue a receipt for money received and shall record the transaction in the statewide accounting system. No money shall be withdrawn from the treasury except on the warrant or electronic funds transfer voucher of the department of administration.

C. Monies received for and belonging to the state and resulting from compromises or settlements by or against this state, excluding restitution and reimbursement to state agencies for costs or attorney fees, shall be credited to the state general fund unless specifically credited to another fund by law. A fund consisting of monies other than monies received for restitution, costs or attorney fees shall not be established on the basis of a court order without prior legislative authorization. For the purposes of this subsection, "restitution" means monies intended to compensate a specific, identifiable person, including this state, for economic loss.

D. All federal monies granted and paid to the state by the federal government shall be accounted for in the accounts or funds of the state in the necessary detail to meet federal and state accounting, budgetary and auditing requirements, and all appropriations for matching such federal monies shall be transferred from the general fund to such separate funds as needed, except as otherwise required by the federal government.

E. Nothing in this section requires the establishment of separate accounts or funds for such federal monies unless otherwise required by federal or state law. The department of administration has the authority to use the most efficient system of accounts and records, consistent with legal requirements and standard and necessary fiscal safeguards.

F. Nothing in this section precludes the creation by the department of administration of a clearing account or other acceptable accounting method to effect prompt payment of claims from an approved budget or appropriation. The department of administration shall report each account or fund established or cancelled to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting.

G. Nothing in this section or any other section precludes the use of monies kept in funds separate from the general fund, the interest from which accrues to the general fund, for payment of claims against the general fund, provided sufficient monies remain available for payment of claims against such funds.

H. The department of administration may issue warrants for qualified expenditures of federal program monies before they are deposited in the state treasury. The receipt of federal monies shall be timed to coincide, as closely as administratively feasible, with the redemption of warrants by the state treasurer. The department of administration shall limit expenditures to the amount that has been made available for the use under the grant award by the federal government. The state agency initiating the expenditures is responsible for ensuring that expenditures qualify for coverage under the guidelines of the federal grant award.

I. The department of administration shall establish the policies and procedures for all state agencies for drawing federal monies. When the established method results in federal monies being held by this state, the department of administration may use the interest earned on the monies to pay the federal government for any related interest liability. If an interest liability is incurred due to a state agency varying from the established policies and procedures, the department of administration shall charge the appropriate agency account or fund. Any federal interest liability owed to this state as a result of the delayed federal disbursements shall be used to offset this state's interest liability to the federal government. Any remaining interest earnings shall be deposited in the state general fund.

J. Any state agency or authorized agent of a state agency may accept credit cards pursuant to an agreement entered into by the state treasurer

pursuant to section 35-315 for the payment of any amount due to that agency or agent or this state.

K. Except for the department of revenue, agencies or authorized agents on behalf of state agencies that accept credit cards shall deduct any applicable discount fee and processing fee associated with the transaction amount before depositing the net amount in the appropriate state fund. No other reduction is permitted against the transaction amount. The net amount deposited in the appropriate state fund shall be considered as the full deposit required by law of monies received by the agency or the authorized agent. Payment of any applicable discount fee and processing fee shall be accounted for in the annual report submitted to the governor's office of strategic planning and budgeting in accordance with section 41-1273. The transaction amount of any credit card transaction shall not be reduced by any discount fee or processing fee in an amount in excess of the merchant card settlement fees reflected in the state banking contract with the state treasurer's office.

L. Any state agency that contracts with an authorized agent for the electronic processing of transactions pursuant to title 41, chapter 23 may include a provision in the contract to allow the authorized agent to impose a convenience fee. If allowed, the convenience fee shall be charged to the cardholder in addition to the transaction amount, except for the following:

1. Except as provided in subsection ~~S~~ R of this section, any permits, licenses or other authorizations needed to pursue a trade or occupation in this state.

2. Except as provided in subsection ~~S~~ R of this section, any permits, licenses or other authorizations needed to establish, expand or operate a business in this state.

3. Except as provided in subsection ~~S~~ R of this section, any permits, licenses or other authorizations needed to register a vehicle or license a driver in this state.

M. Each state agency or its authorized agent shall:

1. Deduct the amount of the convenience fee before depositing the transaction amount or the transaction amount reduced by the discount fee or the processing fee, or both, into the appropriate state fund.

2. Not deduct any part of the convenience fee from the transaction amount before depositing the net amount into the appropriate state fund.

3. Deduct the amount of the discount fee or the processing fee, or both, from the transaction amount before depositing the net amount into the appropriate state fund.

N. The net amount deposited in the appropriate state fund pursuant to subsection L or M of this section shall be considered as the full deposit of monies that is required by law and that is received by the agency.

O. Notwithstanding section 35-142.01, convenience fees received by a state agency or its authorized agent are limited to, and may be used to

offset, the costs imposed by the authorized agent in processing the transactions.

P. When the percentage of electronic transactions first exceeds at least thirty ~~per cent~~ PERCENT of a state agency's total transactions, the state agency shall perform a cost benefit report, including costs of convenience fees, the amount of revenue generated and any realized cost savings.

~~Q. State agencies shall report the number of transactions, the number of electronic transactions, the total dollar amount of transactions processed, the total dollar amount of any discount fee, the total dollar amount of any processing fee and the total dollar amount of any convenience fee charged, deducted or paid pursuant to subsections K and L of this section annually by October 1 to the governor, the department of administration and the joint legislative budget committee.~~

~~R.~~ Q. Nothing in this section or any other provision of law authorizes any state agency, authorized agent of any state agency or budget unit to establish a bank account for any government monies. All monies received by or on behalf of this state shall be deposited with and in the custody of the state treasurer or in an account that is authorized by the state treasurer pursuant to this section. This subsection does not apply to monies received and any accounts established and maintained by the director of the Arizona state retirement system or the administrator of the public safety personnel retirement system, the corrections officer retirement plan and the elected officials' retirement plan.

~~S.~~ R. If a state agency provides an alternative method of payment, the convenience fee may be charged to the cardholder in addition to the transaction amount.

Sec. 3. Section 41-707, Arizona Revised Statutes, is amended to read:

41-707. Investment yield restriction report

On or before ~~December 31~~ OCTOBER 1 of each year, the director shall submit to the joint legislative budget committee AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING a ~~working capital surplus~~ report ON THE COSTS associated with meeting the INVESTMENT YIELD RESTRICTION requirements for any tax-exempt deficit financing agreements entered into on or after January 1, 2009, INCLUDING WHETHER THE REQUIREMENTS HAVE REDUCED THE YIELD OF INVESTMENTS OR REQUIRED THE STATE TO PAY ANY PENALTIES TO THE FEDERAL GOVERNMENT.

Sec. 4. Title 41, chapter 4, article 3, Arizona Revised Statutes, is amended by adding section 41-740.01, to read:

41-740.01. Arizona financial information system collections fund; purpose; transaction fee; joint legislative budget committee review

A. THE ARIZONA FINANCIAL INFORMATION SYSTEM COLLECTIONS FUND IS ESTABLISHED CONSISTING OF MONIES COLLECTED PURSUANT TO SUBSECTION C OF THIS SECTION. THE DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE

SUBJECT TO LEGISLATIVE APPROPRIATION. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

B. MONIES IN THE FUND SHALL BE USED TO REIMBURSE THE DEPARTMENT FOR THE COSTS OF OPERATING THE ARIZONA FINANCIAL INFORMATION SYSTEM.

C. THE DEPARTMENT MAY CHARGE A TRANSACTION FEE TO EACH STATE AGENCY THAT USES THE ARIZONA FINANCIAL INFORMATION SYSTEM. THE DEPARTMENT SHALL SUBMIT A PROPOSED TRANSACTION FEE TO THE JOINT LEGISLATIVE BUDGET COMMITTEE FOR REVIEW BEFORE ESTABLISHING OR CHANGING THE FEE.

Sec. 5. Section 41-1273, Arizona Revised Statutes, is amended to read:

41-1273. Budget analyst; employees; duties; reports

A. The joint legislative budget committee shall appoint a budget analyst and other clerical and technical employees that may be required.

B. The budget analyst shall serve full time as staff director and receive compensation as determined pursuant to section 38-611. The budget analyst, as a prerequisite for appointment, shall have demonstrated the budget analyst's competency and ability in the field of finance either in private business or public work.

C. The budget analyst may be removed from office prior to expiration of the budget analyst's term if, voting separately, a majority of the members of each body constituting the joint legislative budget committee votes in favor of removal.

D. The budget analyst shall prepare for distribution an analysis of the governor's budget as soon after the budget is presented to the legislature as is possible. The analysis, among other things, shall include recommendations of the budget analyst for revisions in expenditures.

E. In consultation with the governor's office of strategic planning and budgeting, the budget analyst shall determine and report to the governor and the legislature an estimate of appropriations subject to the limit imposed by article IX, section 17, Constitution of Arizona. The report shall be published ~~by~~ ON OR BEFORE February 15 of each year for the preceding fiscal year, for the current fiscal year and for the ensuing fiscal year to reflect the budget recommendations of the joint legislative budget committee.

F. ~~By~~ ON OR BEFORE December 1 of each year, the budget analyst shall report to the committee a listing of statutorily deleted and newly created funds and funds that changed appropriated status from the prior fiscal year.

G. ON OR BEFORE JANUARY 31 OF EACH YEAR, THE BUDGET ANALYST SHALL REPORT TO THE COMMITTEE THE EXPENDITURES FOR EACH RETIREMENT SYSTEM FOR THE PRECEDING FISCAL YEAR, INCLUDING THE EXPENDITURES MADE BY THIS STATE FOR THE EMPLOYER CONTRIBUTION FOR EACH RETIREMENT SYSTEM.

~~G.~~ H. The legislature in making its appropriation for the operation of the legislature shall allocate a portion thereof for the operation of the joint legislative budget committee.

Sec. 6. Unrestricted federal monies

Any unrestricted federal monies received by this state beginning July 1, 2015 through June 30, 2016 shall be deposited in the state general fund. The monies shall be used for the payment of essential governmental services.

Sec. 7. Rental rates; state-owned buildings; fiscal year 2015-2016

Notwithstanding section 41-792.01, subsection D, Arizona Revised Statutes, the capital outlay stabilization fund rental rates for state-owned buildings in fiscal year 2015-2016 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 2015-2016, 2016-2017 and 2017-2018, 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 2016.

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 2015.

Sec. 9. Budget stabilization fund; exceptions

Notwithstanding section 35-144, Arizona Revised Statutes, for fiscal years 2015-2016, 2016-2017 and 2017-2018, the legislature is not required to appropriate monies to or transfer monies from the budget stabilization fund.

APPROVED BY THE GOVERNOR MARCH 12, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 12, 2015.

Passed the House March 7, 2015,

by the following vote: 34 Ayes,

25 Nays, 1 Not Voting

Speaker of the House

Chief Clerk of the House

Passed the Senate March 7, 2015,

by the following vote: 17 Ayes,

12 Nays, 1 Not Voting

President of the Senate

Susan Davies Assistant
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

9th day of March, 2015,

at 2:44 o'clock P. M.

Secretary to the Governor

Approved this 12th day of

March, 2015,

at 5:46 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 12th day of March, 2015,

at 6:01 o'clock P. M.

Secretary of State

S.B. 1472