

Senate Engrossed

State of Arizona
Senate
Fifty-second Legislature
Second Regular Session
2016

FILED
MICHELE REAGAN
SECRETARY OF STATE

CHAPTER 341

SENATE BILL 1411

AN ACT

AMENDING SECTION 5-406, ARIZONA REVISED STATUTES; REPEALING TITLE 41, CHAPTER 14, ARTICLE 1.1, ARIZONA REVISED STATUTES; REPEALING SECTION 41-2501, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2015, CHAPTER 195, SECTION 82; AMENDING SECTION 41-2501, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2015, CHAPTER 257, SECTION 30; AMENDING SECTION 41-2636, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO ARIZONA INDUSTRIES FOR THE BLIND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 5-406, Arizona Revised Statutes, is amended to
3 read:

4 5-406. Persons permitted to conduct games; premises; equipment;
5 expenses; compensation

6 A. A person shall not hold, operate or conduct any game of bingo under
7 any license issued pursuant to this article unless the person has submitted
8 affidavits as required in section 5-404 and has received prior written
9 approval from the licensing authority. Persons seeking to replace a manager,
10 proceeds coordinator, supervisor or assistant or to serve as an additional
11 manager, supervisor or assistant shall submit the appropriate affidavit to
12 the licensing authority as required in section 5-404.

13 B. Except as provided in section 5-413, only members and new members
14 of a licensee or an applicant may participate or apply to participate in
15 conducting any bingo game held by the licensee.

16 C. Except for a class A licensee, a person shall not hold, operate,
17 conduct or assist in conducting any game or games of bingo under any license
18 if the person or the person's spouse has a proprietary, equitable or credit
19 interest, or is an officer, director, agent or employee of an individual or
20 company that has a proprietary, equitable or credit interest, in the
21 licensee.

22 D. Bookkeepers or accountants need not be members of the organization.

23 E. An item of expense shall not be incurred or paid in connection with
24 holding, operating or conducting any game of bingo held, operated or
25 conducted pursuant to any license issued under this article, except bona fide
26 expenses in a reasonable amount for purposes described in section 5-407,
27 subsection G. A game of bingo shall not be conducted with any equipment
28 except equipment owned solely by the licensee, or jointly by not more than
29 six licensees. No portion of the ownership of such equipment may be held by
30 any person or organization not licensed pursuant to this chapter. A game of
31 bingo shall not be conducted with rented equipment.

32 F. An applicant or a licensee shall not enter into any purchase
33 agreement other than a bona fide purchase agreement. The seller may
34 repurchase equipment only upon default of the buyer and then only at a price
35 equal to or greater than ninety ~~per cent~~ PERCENT of any money paid for
36 equipment from buyer to seller. The seller may repurchase a building only
37 upon default of the buyer at a fair market value per licensee.

38 G. A licensee shall not conduct or operate more than five occasions of
39 bingo during any calendar week. No more than twelve hours of bingo shall be
40 conducted in any building or on any premises during any calendar day.

41 H. The entire net proceeds of any game shall be devoted to a lawful
42 use or uses. In addition to other unlawful uses, the following are not
43 considered lawful uses under this subsection:

44 1. Compensation and expenses of directors, officers and management
45 personnel.

- 1 2. Fees or commissions of consultants.
- 2 3. Compensation paid for legal services incurred by a licensee
- 3 unsuccessfully defending against charges of violations of this article.
- 4 4. Donations to other than national, state or local nonprofit parent
- 5 organizations in excess of five ~~per cent~~ PERCENT of the net proceeds except
- 6 with the permission of the licensing authority.
- 7 5. Donations or any payment from the lessor to the lessee.
- 8 I. The premises where any game of bingo is being held, operated or
- 9 conducted, where it is intended that any game of bingo shall be held,
- 10 operated or conducted or where it is intended that any equipment shall be
- 11 used shall at all times be open to inspection by the licensing authority, its
- 12 agents and employees and peace officers of any political subdivision of the
- 13 state.
- 14 J. When any merchandise prize is awarded in a game of bingo, its value
- 15 shall be its current retail price. A merchandise prize shall not be
- 16 redeemable or convertible into cash directly or indirectly.
- 17 K. Equipment, prizes and supplies for games of bingo shall not be
- 18 purchased or sold at prices in excess of one hundred fifteen ~~per cent~~ PERCENT
- 19 of the average price paid by other licensees as reported in the reports
- 20 submitted to the licensing authority during the prior six month period by
- 21 licensees having the same class of license. A licensee shall not enter into
- 22 any contract or purchase agreement whereby it agrees to limit its source of
- 23 supplies.
- 24 L. An alcoholic beverage shall not be offered or given as a prize in
- 25 any such game.
- 26 M. The net profits derived from the holding of games of bingo must be
- 27 devoted within one year from the date such profits were earned to the lawful
- 28 purposes of the organization permitted to conduct such games. Any
- 29 organization desiring to hold the net profits of games of bingo for a period
- 30 longer than one year from the date such profits were earned must apply to the
- 31 licensing authority for special permission and upon good cause shown the
- 32 authority may grant the request.
- 33 N. Any licensee which does not report during any one-year period the
- 34 amount of its net profits, if any, shall be required to show cause before the
- 35 licensing authority why its license to conduct games of bingo should not be
- 36 revoked.
- 37 O. The licensing authority shall require a licensee which does not
- 38 conduct bingo games during any one year period to show cause why its license
- 39 to conduct games of bingo should not be cancelled.
- 40 P. Except as otherwise provided by this section, a prize greater in
- 41 amount or value than one thousand dollars shall not be offered or given in
- 42 any single game of bingo conducted under any such license, and total prizes
- 43 shall not exceed an amount or value greater than three thousand dollars for
- 44 any occasion. Door prizes, discounts or other inducements with a value

1 exceeding two hundred fifty dollars per occasion shall not be offered or
2 given away.

3 Q. Except for a class A licensee, on application to the licensing
4 authority by the licensee the licensing authority may authorize one special
5 bonus game to be played at weekly consecutive occasions with a quarterly
6 prize limit of twelve thousand dollars. A weekly consecutive occasion is an
7 occasion played on the same day of each week during the quarter. The special
8 bonus game may be played at each weekly consecutive occasion subject to the
9 rules adopted by the licensing authority. The special bonus game is not
10 subject to the prize limits prescribed by subsection P of this section.

11 R. The equipment used in playing bingo and the method of play shall be
12 such that each card shall have an equal opportunity to be a winner. The
13 objects or balls to be drawn shall be essentially the same as to size, shape,
14 weight, balance and all other characteristics that may influence their
15 selection. All objects or balls shall be present in the receptacle before
16 each game is begun. All numbers announced shall be plainly and clearly
17 audible or visible to all the players present. Where more than one room is
18 used for any one game, the receptacle, the person calling the numbers as they
19 are drawn and the person removing the objects or balls from the receptacle
20 must be present in the room where the greatest number of players is present
21 and all numbers announced shall be plainly audible or visible to the players
22 in that room and also audible or visible to the players in the other room or
23 rooms. The cards or sheets of the players shall be part of a deck, group or
24 series of cards, no two of which shall be alike, and which deck, group or
25 series shall not be so prepared or arranged as to prefer any card. A
26 licensee may provide braille cards for legally blind persons ~~as defined in~~
27 ~~section 41-1973~~ or allow legally blind persons to supply their own braille
28 cards. A legally blind person supplying the person's own cards shall pay a
29 fee to the licensee equal to that which would be charged if the legally blind
30 person obtained the cards from the licensee. The bingo game activity shall be
31 conducted and recorded in a manner as prescribed by the licensing authority
32 to verify the gross receipts from each occasion.

33 S. The receptacle, the person calling the numbers as they are drawn
34 and the person removing the objects or balls from the receptacle must be
35 visible to all the players at all times except where more than one room is
36 used for any one game and subsection R of this section applies.

37 T. The particular arrangement of numbers required to be covered in
38 order to win the game and the amount of the prize shall be clearly and
39 audibly or visibly described and announced to the players immediately before
40 each game is begun.

41 U. Any players shall be entitled to call for a verification of all
42 numbers drawn at the time a winner is determined, and for a verification of
43 the objects or balls remaining in the receptacle and not yet drawn. The
44 verification shall be made in the immediate presence of the supervisor and in
45 full view of any player requesting the verification.

1 V. A person who is not physically present on the premises where the
2 game is actually conducted shall not be allowed to participate as a player in
3 the game.

4 W. A person who holds, operates or conducts, or assists in holding,
5 operating or conducting, a game of bingo shall not play at any occasion at
6 which such person works unless the game of bingo is conducted pursuant to a
7 class A license.

8 X. A person shall not conduct a lottery or raffle within a twelve hour
9 period before or after a bingo occasion or game on any premises used for
10 bingo games or within one thousand feet of the bingo game. This subsection
11 does not affect any legally conducted activity related to the state lottery.

12 Sec. 2. Delayed repeal

13 Title 41, chapter 14, article 1.1, Arizona Revised Statutes, is
14 repealed from and after June 30, 2017.

15 Sec. 3. Delayed repeal

16 Section 41-2501, Arizona Revised Statutes, as amended by Laws 2015,
17 chapter 195, section 82, is repealed from and after June 30, 2017.

18 Sec. 4. Section 41-2501, Arizona Revised Statutes, as amended by Laws
19 2015, chapter 257, section 30, is amended to read:

20 41-2501. Applicability

21 A. This chapter applies only to procurements initiated after
22 January 1, 1985 unless the parties agree to its application to procurements
23 initiated before that date.

24 B. This chapter applies to every expenditure of public monies,
25 including federal assistance monies except as otherwise specified in section
26 41-2637, by this state, acting through a state governmental unit as defined
27 in this chapter, under any contract, except that this chapter does not apply
28 to either grants as defined in this chapter, or contracts between this state
29 and its political subdivisions or other governments, except as provided in
30 chapter 24 of this title and in article 10 of this chapter. This chapter
31 also applies to the disposal of state materials. This chapter and rules
32 adopted under this chapter do not prevent any state governmental unit or
33 political subdivision from complying with the terms of any grant, gift,
34 bequest or cooperative agreement.

35 C. All political subdivisions and other local public agencies of this
36 state may adopt all or any part of this chapter and the rules adopted
37 pursuant to this chapter.

38 D. Notwithstanding any other law, sections 41-2517 and 41-2546 apply
39 to any agency as defined in section 41-1001, including the office of the
40 governor.

41 E. The Arizona board of regents and the legislative and judicial
42 branches of state government are not subject to this chapter except as
43 prescribed in subsection F of this section.

44 F. The Arizona board of regents and the judicial branch shall adopt
45 rules prescribing procurement policies and procedures for themselves and

1 institutions under their jurisdiction. The rules must be substantially
2 equivalent to the policies and procedures prescribed in this chapter.

3 G. The Arizona state lottery commission is exempt from this chapter
4 for procurement relating to the design and operation of the lottery or
5 purchase of lottery equipment, tickets and related materials. The executive
6 director of the Arizona state lottery commission shall adopt rules
7 substantially equivalent to the policies and procedures in this chapter for
8 procurement relating to the design and operation of the lottery or purchase
9 of lottery equipment, tickets or related materials. All other procurement
10 shall be as prescribed by this chapter.

11 H. The Arizona health care cost containment system administration is
12 exempt from this chapter for provider contracts pursuant to section 36-2904,
13 subsection A and contracts for goods and services, including program
14 contractor contracts pursuant to title 36, chapter 29, articles 2 and 3 AND
15 CONTRACTS WITH REGIONAL BEHAVIORAL HEALTH AUTHORITIES PURSUANT TO TITLE 36,
16 CHAPTER 34. All other procurement, including contracts for the statewide
17 administrator of the program pursuant to section 36-2903, subsection B, shall
18 be as prescribed by this chapter.

19 ~~I. Arizona industries for the blind is exempt from this chapter for~~
20 ~~purchases of finished goods from members of national industries for the blind~~
21 ~~and for purchases of raw materials for use in the manufacture of products for~~
22 ~~sale pursuant to section 41-1972. All other procurement shall be as~~
23 ~~prescribed by this chapter.~~

24 ~~J. I. Arizona correctional industries is exempt from this chapter for~~
25 ~~purchases of raw materials, components and supplies that are used in the~~
26 ~~manufacture or production of goods or services for sale entered into pursuant~~
27 ~~to section 41-1622. All other procurement shall be as prescribed by this~~
28 ~~chapter.~~

29 ~~K. J. The state transportation board and the director of the~~
30 ~~department of transportation are exempt from this chapter other than section~~
31 ~~41-2586 for the procurement of construction or reconstruction, including~~
32 ~~engineering services, of transportation facilities or highway facilities and~~
33 ~~any other services that are directly related to land titles, appraisals, real~~
34 ~~property acquisition, relocation, property management or building facility~~
35 ~~design and construction for highway development and that are required~~
36 ~~pursuant to title 28, chapter 20.~~

37 ~~L. K. The Arizona highways magazine is exempt from this chapter for~~
38 ~~contracts for the production, promotion, distribution and sale of the~~
39 ~~magazine and related products and for contracts for sole source creative~~
40 ~~works entered into pursuant to section 28-7314, subsection A, paragraph 5.~~
41 ~~All other procurement shall be as prescribed by this chapter.~~

42 ~~M. L. The secretary of state is exempt from this chapter for~~
43 ~~contracts entered into pursuant to section 41-1012 to publish and sell the~~
44 ~~administrative code. All other procurement shall be as prescribed by this~~
45 ~~chapter.~~

1 ~~N~~. M. This chapter is not applicable to contracts for professional
2 witnesses if the purpose of such contracts is to provide for professional
3 services or testimony relating to an existing or probable judicial proceeding
4 in which this state is or may become a party or to contract for special
5 investigative services for law enforcement purposes.

6 ~~O~~. N. The head of any state governmental unit, in relation to any
7 contract exempted by this section from this chapter, has the same authority
8 to adopt rules, procedures or policies as is delegated to the director
9 pursuant to this chapter.

10 ~~P~~. O. Agreements negotiated by legal counsel representing this state
11 in settlement of litigation or threatened litigation are exempt from this
12 chapter.

13 ~~Q~~. P. This chapter is not applicable to contracts entered into by the
14 department of economic security:

15 1. With a provider licensed or certified by an agency of this state to
16 provide child day care services.

17 2. With area agencies on aging created pursuant to the older Americans
18 act of 1965 (P.L. 89-73; 79 Stat. 218; 42 United States Code sections 3001
19 through 3058ff).

20 3. For services pursuant to title 36, chapter 29, article 2.

21 4. With an eligible entity as defined by Public Law 105-285, section
22 673(1)(A)(i), as amended, for designated community services block grant
23 program monies and any other monies given to the eligible entity that
24 accomplishes the purpose of Public Law 105-285, section 672.

25 ~~R~~. Q. ~~The department of health services~~ ARIZONA HEALTH CARE COST
26 CONTAINMENT SYSTEM may not require that persons with whom it contracts follow
27 this chapter for the purposes of subcontracts entered into for the provision
28 of the following:

29 1. Mental health services pursuant to section 36-189, subsection B.

30 2. Services for the seriously mentally ill pursuant to title 36,
31 chapter 5, article 10.

32 3. Drug and alcohol services pursuant to section 36-141.

33 ~~4~~. R. THE DEPARTMENT OF HEALTH SERVICES MAY NOT REQUIRE THAT PERSONS
34 WITH WHOM IT CONTRACTS FOLLOW THIS CHAPTER FOR THE PURPOSE OF SUBCONTRACTS
35 ENTERED INTO FOR THE PROVISION OF domestic violence services pursuant to
36 title 36, chapter 30, article 1.

37 S. The department of health services is exempt from this chapter for
38 contracts for services of physicians at the Arizona state hospital.

39 T. Contracts for goods and services approved by the board of trustees
40 of the public safety personnel retirement system are exempt from this
41 chapter.

42 U. The Arizona department of agriculture is exempt from this chapter
43 with respect to contracts for private labor and equipment to effect cotton or
44 cotton stubble plow-up pursuant to rules adopted under title 3, chapter 2,
45 article 1.

1 V. The Arizona state parks board is exempt from this chapter for
2 purchases of guest supplies and items for resale such as food, linens, gift
3 items, sundries, furniture, china, glassware and utensils for the facilities
4 located in the Tonto natural bridge state park.

5 W. The Arizona state parks board is exempt from this chapter for the
6 purchase, production, promotion, distribution and sale of publications,
7 souvenirs and sundry items obtained and produced for resale.

8 X. The Arizona state schools for the deaf and the blind are exempt
9 from this chapter for the purchase of textbooks and when purchasing products
10 through a cooperative that is organized and operates in accordance with state
11 law if such products are not available on a statewide contract and are
12 related to the operation of the schools or are products for which special
13 discounts are offered for educational institutions.

14 Y. Expenditures of monies in the morale, welfare and recreational fund
15 established by section 26-153 are exempt from this chapter.

16 Z. Notwithstanding section 41-2534, the director of the state
17 department of corrections may contract with local medical providers in
18 counties with a population of less than four hundred thousand persons for the
19 following purposes:

20 1. To acquire hospital and professional medical services for inmates
21 who are incarcerated in state department of corrections facilities that are
22 located in those counties.

23 2. To ensure the availability of emergency medical services to inmates
24 in all counties by contracting with the closest medical facility that offers
25 emergency treatment and stabilization.

26 AA. The department of environmental quality is exempt from this
27 chapter for contracting for procurements relating to the water quality
28 assurance revolving fund program established pursuant to title 49, chapter 2,
29 article 5. The department shall engage in a source selection process that is
30 similar to the procedures prescribed by this chapter. The department may
31 contract for remedial actions with a single selection process. The exclusive
32 remedy for disputes or claims relating to contracting pursuant to this
33 subsection is as prescribed by article 9 of this chapter and the rules
34 adopted pursuant to that article. All other procurement by the department
35 shall be as prescribed by this chapter.

36 BB. The motor vehicle division of the department of transportation is
37 exempt from this chapter for third-party authorizations pursuant to title 28,
38 chapter 13, only if all of the following conditions exist:

39 1. The division does not pay any public monies to an authorized third
40 party.

41 2. Exclusivity is not granted to an authorized third party.

42 3. The director has complied with the requirements prescribed in title
43 28, chapter 13 in selecting an authorized third party.

44 CC. This section does not exempt third-party authorizations pursuant
45 to title 28, chapter 13 from any other applicable law.

1 DD. The state forester is exempt from this chapter for purchases and
2 contracts relating to wildland fire suppression and pre-positioning equipment
3 resources and for other activities related to combating wildland fires and
4 other unplanned risk activities, including fire, flood, earthquake, wind and
5 hazardous material responses. All other procurement by the state forester
6 shall be as prescribed by this chapter.

7 EE. The cotton research and protection council is exempt from this
8 chapter for procurements.

9 FF. Expenditures of monies in the Arizona agricultural protection fund
10 established by section 3-3304 are exempt from this chapter.

11 GG. The Arizona commerce authority is exempt from this chapter, except
12 article 10 for the purpose of cooperative purchases. The authority shall
13 adopt policies, procedures and practices, in consultation with the department
14 of administration, that are similar to and based on the policies and
15 procedures prescribed by this chapter for the purpose of increased public
16 confidence, fair and equitable treatment of all persons engaged in the
17 process and fostering broad competition while accomplishing flexibility to
18 achieve the authority's statutory requirements. The authority shall make its
19 policies, procedures and practices available to the public. The authority
20 may exempt specific expenditures from the policies, procedures and practices.

21 HH. The Arizona exposition and state fair board is exempt from this
22 chapter for contracts for professional entertainment.

23 II. This chapter does not apply to the purchase of water, gas or
24 electric utilities.

25 JJ. This chapter does not apply to professional certifications,
26 professional memberships and conference registrations.

27 KK. The department of gaming is exempt from this chapter for problem
28 gambling treatment services contracts with licensed behavioral health
29 professionals.

30 LL. This chapter does not apply to contracts for credit reporting
31 services.

32 MM. This chapter does not apply to contracts entered into by the
33 department of child safety:

34 1. With a provider of family foster care pursuant to section 8-503.

35 2. With an eligible entity as defined by Public Law 105-285, section
36 673(1)(A)(i), as amended, for designated community services block grant
37 program monies and any other monies given to the eligible entity that
38 accomplishes the purpose of Public Law 105-285, section 672.

39 Sec. 5. Section 41-2636, Arizona Revised Statutes, is amended to read:

40 41-2636. Procurement from certified nonprofit agencies that
41 serve individuals with disabilities and Arizona
42 correctional industries; definitions

43 A. The director shall appoint a state set-aside committee to determine
44 those materials and services that are provided, manufactured, produced and
45 offered for sale by ~~Arizona industries for the blind~~, certified nonprofit

1 agencies that serve individuals with disabilities and Arizona correctional
2 industries and that satisfy the requirements of state governmental units and
3 to establish a fair market price for all approved materials and services
4 offered for sale that meet these requirements. Membership shall include the
5 assistant director for rehabilitation services in the department of economic
6 security or the assistant director's designee and a private sector
7 businessperson appointed by the governor who contracts or employs persons
8 with disabilities in the private sector. At each quarterly meeting the
9 director shall report on new procurement requests or renewal of existing
10 procurement requests for state purchases from lists supplied by set-aside
11 providers and that are within the capability of and that can be supplied by
12 the entities that are prescribed in this section. To qualify for set-aside
13 contracts, certified nonprofit agencies must maintain an employment ratio of
14 at least sixty ~~per-cent~~ PERCENT of program employees with significant
15 disabilities.

16 B. Materials and services from Arizona correctional industries shall
17 be presented to the committee for approval. Office products, vinyl binders
18 and furniture refurbishing services shall be exempt from this article. State
19 governmental units shall purchase office products, vinyl binders and
20 furniture from Arizona correctional industries if each of the following
21 applies:

- 22 1. Such materials and services are readily available.
- 23 2. Such materials and services are capable of timely delivery.
- 24 3. Such materials and services are of equal quality and price for
25 these same materials and services in the private sector.

26 C. State governmental units shall purchase approved materials and
27 services if such materials and services are readily available.

28 D. Notwithstanding the requirements of section 41-2532, state
29 governmental units and local public procurement units may purchase or
30 contract for any products, materials and services directly from ~~Arizona~~
31 ~~industries for the blind~~, certified nonprofit agencies that serve individuals
32 with disabilities and Arizona correctional industries without competitive
33 bidding if the delivery and quality of the products, materials or services
34 meet the unit's reasonable requirements.

35 E. All state governmental units shall endeavor to set aside at least
36 one ~~per-cent~~ PERCENT of their new purchases or contracts for any products,
37 materials and services from the entities that are prescribed in subsection D
38 of this section, except for contracts for care and services for clients of
39 the department of child safety, the department of economic security or the
40 department of health services. The department shall communicate with each
41 state governmental unit regarding its responsibility to comply with this
42 subsection. The committee shall meet quarterly to report progress in
43 increasing state governmental purchases or contracts with the entities that
44 are prescribed in subsection D of this section. The committee shall compile
45 quarterly reports detailing new purchases or contracts that are entered into

1 pursuant to this subsection to the director, each committee member, the
2 governor, the president of the senate and the speaker of the house of
3 representatives.

4 F. The committee shall meet during the first month of each fiscal year
5 to determine which articles, products or services Arizona correctional
6 industries, ~~AND certified nonprofit agencies that serve individuals with~~
7 ~~disabilities and Arizona industries for the blind~~ should continue to
8 manufacture for state use, to advise such agencies and industries of any
9 changes in specifications and to identify new articles or products that
10 should be manufactured or could be eligible for procurement.

11 G. For the purposes of this section:

12 1. "Certified nonprofit agency that serves individuals with
13 disabilities" means a nonprofit activity center that serves individuals with
14 significant disabilities and that satisfies all of the following:

15 (a) Is organized under the laws of this state or another state, is
16 operated in the interest of individuals with disabilities and the net income
17 of which does not inure in whole or in part to the benefit of any shareholder
18 or other individual.

19 (b) Complies with any applicable occupational health and safety
20 standard required by the laws of the United States and this state.

21 2. "Individuals with disabilities" means an individual who, because of
22 the nature of the individual's disabilities, is not able to fully participate
23 in competitive employment and for whom specialized employment and training
24 are necessary by a qualified nonprofit organization through the department of
25 economic security or the department of health services.

26 Sec. 6. Arizona industries for the blind; successor nonprofit
27 corporation; lease of department property.

28 A. On or before July 1, 2017, the Arizona industries for the blind
29 shall perform all acts necessary to establish a successor nonprofit
30 corporation that is exempt from taxation under section 501(c)(3) of the
31 internal revenue code for the purpose of establishing, sustaining and
32 improving employment opportunities for people who are blind or visually
33 impaired. The successor nonprofit corporation shall operate to the same
34 extent as any other nonprofit corporation with all the powers and subject to
35 all the laws, rules and requirements of any other nonprofit corporation
36 organized under title 10, chapters 24 through 40, Arizona Revised Statutes.

37 B. The Arizona industries for the blind shall perform all acts
38 necessary to file the articles of incorporation of the successor nonprofit
39 corporation and file all paperwork necessary to qualify the corporation to be
40 exempt from taxation under section 501(c)(3) of the internal revenue code.
41 The Arizona industries for the blind shall delegate to the successor
42 nonprofit corporation the authority to pursue and procure outside resources
43 as necessary for the successor nonprofit corporation to be a private nonprofit
44 corporation that operates independently of the department of economic
45 security.

1 C. The successor nonprofit corporation may use the name "Arizona
2 industries for the blind" in or as its name.

3 D. On or before June 30, 2017, the successor nonprofit corporation
4 shall provide to the department of economic security evidence that any person
5 to whom Arizona industries for the blind owes an obligation under contract at
6 the time of the transfer of authority agrees to the assumption of liabilities
7 by the successor nonprofit corporation and to seek redress for any damages
8 arising out of the contracting situation, no matter the legal bases for the
9 claims, from the successor nonprofit corporation and not from Arizona
10 industries for the blind or this state.

11 E. If the successor nonprofit corporation meets the requirements of
12 subsection D of this section, the department of economic security shall
13 convey to the successor nonprofit corporation all the assets and liabilities
14 of the Arizona industries for the blind to the same extent as though incurred
15 originally by the successor nonprofit corporation, including operation as an
16 affiliate of national industries for the blind and operation under the
17 abilityone program, except as provided in subsection F of this section.

18 F. The department of economic security shall retain ownership of the
19 real property located at 3013 West Lincoln Street Phoenix, Arizona 85009 and
20 shall lease the facilities to the successor nonprofit corporation on the
21 negotiated terms and conditions. The successor nonprofit corporation is not
22 an agency of this state or a public entity of this state.

23 G. This state may not act or fail to act, during the transition
24 period, in a manner that would or may have any adverse material impact or
25 effect on the business, assets or financial condition of the program operated
26 within the department of economic security as the Arizona industries for the
27 blind. This state delegates all authority necessary to complete the
28 transition of the Arizona industries for the blind program to the successor
29 nonprofit corporation.

30 Sec. 7. Industries for the blind fund; transfer of monies

31 All unexpended and unencumbered monies remaining in the industries for
32 the blind fund established by section 41-1975, Arizona Revised Statutes, as
33 repealed by this act, are transferred to the successor nonprofit corporation
34 on the effective date of this act.

35 Sec. 8. Effective date

36 Section 5-406, Arizona Revised Statutes, as amended by this act,
37 section 41-2501, Arizona Revised Statutes, as amended by Laws 2015, chapter
38 257, section 30 and this act and section 41-2636, Arizona Revised Statutes,
39 as amended by this act, and section 7 of this act are effective from and
40 after June 30, 2017.

APPROVED BY THE GOVERNOR MAY 18, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 18, 2016.

Passed the House May 7, 20 16

Passed the Senate February 25, 20 16

by the following vote: 55 Ayes,

by the following vote: 28 Ayes,

0 Nays, 5 Not Voting

0 Nays, 2 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

9th day of May, 20 16

at 10:07 o'clock A. M.

[Signature]
Secretary to the Governor

Approved this 18th day of

May, 20 16,

at 9:06 o'clock A. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 18th day of May, 20 16

at 12:05 o'clock P. M.

[Signature]
Secretary of State

S.B. 1411