Senate Engrossed House Bill

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

CHAPTER 372

FILED
MICHELE REAGAN
SECRETARY OF STATE

HOUSE BILL 2666

AN ACT

AMENDING SECTIONS 4-206.01, 11-211, 11-292 AND 15-1626, ARIZONA REVISED STATUTES; AMENDING TITLE 23, CHAPTER 4, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 23-722.03 AND 23-722.04; AMENDING SECTIONS 28-332, 28-6547, 35-701, 35-702, 35-703, 35-705, 35-721, 35-722, 35-726, 35-751, 35-761, 35-762, 35-901 AND 35-902, ARIZONA REVISED STATUTES; AMENDING SECTION 35-902, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTIONS 35-903 AND 35-904, ARIZONA REVISED STATUTES; AMENDING SECTION 35-904, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTIONS 35-905 AND 35-906, ARIZONA REVISED STATUTES; AMENDING SECTION 35-906, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTION 35-907, ARIZONA REVISED STATUTES; AMENDING SECTION 35-907, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTIONS 35-908 AND 35-913, ARIZONA REVISED STATUTES; REPEALING TITLE 36, CHAPTER 4.2, ARIZONA REVISED STATUTES; AMENDING SECTIONS 37-1015, 41-1052, 41-1502, 41-1504, 41-1512, 41-1543, 41-1544, 41-1545.02, 41-1545.05, 41-1959, 41-2251, 41-2252 AND 41-2254, ARIZONA REVISED STATUTES; REPEALING SECTIONS 41-3016.16 AND 41-3019.03, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3023.15; REPEALING TITLE 41, CHAPTER 37, ARTICLE 1, ARIZONA REVISED STATUTES; AMENDING SECTIONS 41-3953, 41-3955 AND 41-3957, ARIZONA REVISED STATUTES; REPEALING TITLE 41, CHAPTER 45, ARIZONA REVISED STATUTES; AMENDING TITLE 41, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 53; PROVIDING FOR TRANSFERRING AND RENUMBERING; AMENDING SECTIONS 41-5401 AND 41-5402, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING TITLE 41, CHAPTER 53, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 41-5403 AND 41-5404; AMENDING SECTIONS 43-1083.03, 43-1164.04, 44-1843, 44-1861, 44-1892, 44-3324, 44-3325, 48-6202, 49-1201, 49-1202 AND 49-1203, ARIZONA REVISED STATUTES; AMENDING LAWS 2009, CHAPTER 96, SECTION 17, AS AMENDED BY LAWS 2012, CHAPTER 343, SECTION 18; REPEALING SECTIONS 41-1512, 43-1083.03 AND 43-1164.04, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO ECONOMIC DEVELOPMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 4-206.01, Arizona Revised Statutes, is amended to read:

4-206.01. Bar, beer and wine bar or liquor store licenses; number permitted; fee; sampling privileges

A. The director shall determine the total number of spirituous liquor licenses by type and in each county. The director shall publish a listing of that information as determined by the director.

B. In each county, the director, each year, shall issue additional bar, beer and wine bar or liquor store licenses at the rate of one of each type for each additional ten thousand person increase over the population in that county as of July 1, 2010. Any licenses that have been revoked or reverted in any county after July 1, 2014 may be reissued by the director in the county of their issuance. The director may waive the issuance of any series of new, revoked or reverted licenses in a county for one year where there has been no request made to the department for the issuance of a new license of that series. For the purposes of this subsection, the population of a county is deemed to be the population estimated by the ~~office of employment and population statistics within the Arizona department of administration~~ OFFICE OF ECONOMIC OPPORTUNITY as of July 1 of each year.

C. A person issued a license authorized by subsection B of this section shall pay an additional issuance fee equal to the license's fair market value that shall be paid to the state general fund. The fair market value shall be defined to mean the mean value of licenses of the same type sold on the open market in the same county during the prior twelve months, but if there are not three or more sales then the fair market value shall be determined by two appraisals furnished to the department by independent professional appraisers employed by the director.

D. The director shall employ professional appraisal services to determine the fair market value of bar, beer and wine bar or liquor store licenses.

E. If more than one person applies for an available license, a priority of applicants shall be determined by a random selection method prescribed by the director.

F. After January 1, 2011, bar licenses and beer and wine bar licenses shall be issued and used only if the clear primary purpose and actual primary use is for on-sale retailer privileges. The off-sale privileges associated with a bar license and a beer and wine bar license shall be limited to use, which is clearly auxiliary to the active primary on-sale privilege. A bar license or a beer and wine bar license shall not be issued or used if the associated off-sale use, by total retail spirituous liquor sales, exceeds thirty ~~per cent~~ PERCENT of the sales price of on-sale spirituous liquors by the licensee at that location. For dual licenses issued pursuant to a single site or where a second license is issued to a site that already has a spirituous liquor license, other than settlement licenses issued as provided

by law, the applicant shall have the burden of establishing that public convenience and the best interest of the community will be served by the issuance of the license.

G. The director may issue a beer and wine store license to the holder of a beer and wine bar license simultaneously at the same premises. An applicant for a beer and wine bar license and a beer and wine store license may consolidate the application and may apply for both licenses at the same time. The holder of each license shall fully comply with all applicable provisions of this title. A beer and wine bar license and beer and wine store license on the same premises shall be owned by and issued to the same licensee.

H. The director may issue a beer and wine bar license to the holder of a liquor store license issued simultaneously at the same premises. An applicant for a liquor store license and a beer and wine bar license may consolidate the application and may apply for both licenses at the same time. The holder of each license shall fully comply with all applicable provisions of this title. A liquor store license and a beer and wine bar license on the same premises shall be owned by and issued to the same licensee.

I. The director may issue a restaurant license to the holder of a beer and wine bar license issued simultaneously at the same premises. An applicant for a restaurant license and a beer and wine bar license may consolidate the application and may apply for both licenses at the same time. The holder of each license shall fully comply with all applicable provisions of this title. A restaurant license and a beer and wine bar license on the same premises shall be owned by and issued to the same licensee. The limitation set forth in subsection F of this section with respect to the off-sale privileges of the beer and wine bar licenses shall be measured against the on-sales of beer and wine sales of the establishment. For the purposes of compliance with section 4-205.02, subsection H, paragraph 2, it shall be conclusively presumed that all on premises sales of spirituous liquors are made under the authority of the restaurant license.

J. An applicant for a liquor store license or a beer and wine store license and the licensee of a liquor store license or a beer and wine store license may apply for sampling privileges associated with the license. Beer and wine store premises shall contain at least five thousand square feet in order to be eligible for sampling privileges. A person desiring a sampling privilege associated with a liquor store license shall apply to the director on a form prescribed and furnished by the director. The application for sampling privileges may be filed for an existing license or may be submitted with an initial license application. The request for sampling approval, the review of the application and the issuance of approval shall be conducted under the same procedures for the issuance of a spirituous liquor license prescribed in section 4-201. After a sampling privilege has been issued for a liquor store license or a beer and wine store license, the sampling privilege shall be noted on the license itself and in the records of the

department. The sampling rights associated with a license are not transferable. The director may charge a fee for processing the application for sampling privileges and a renewal fee as provided in this section. A city or town shall not charge any fee relating to the issuance or renewal of a sampling privilege. Notwithstanding section 4-244, paragraph 19, a liquor store licensee or a beer and wine store licensee that holds a license with sampling privileges may provide spirituous liquor sampling subject to the following requirements:

1. Any open product shall be kept locked by the licensee when the sampling area is not staffed.

2. The licensee is otherwise subject to all other provisions of this title. The licensee is liable for any violation of this title committed in connection with the sampling.

3. The licensed retailer shall make sales of sampled products from the licensed retail premises.

4. The licensee shall not charge any customer for the sampling of any products.

5. The sampling shall be conducted under the supervision of an employee of a sponsoring distiller, vintner, brewer, wholesaler or retail licensee.

6. Accurate records of sampling products dispensed shall be retained by the licensee.

7. Sampling shall be limited to three ounces of beer or cooler-type products, one and one-half ounces of wine and one ounce of distilled spirits per person, per brand, per day.

8. The sampling shall be conducted only on the licensed premises.

K. If a beer and wine bar license and a beer and wine store license are issued at the same premises, for the purposes of reporting liquor purchases under each license, all spirituous beverages purchased for sampling are conclusively presumed to be purchased under the beer and wine bar license and all spirituous liquor sold off-sale are conclusively presumed to be purchased under the beer and wine store license.

L. The director may issue a beer and wine store license to the holder of a bar license simultaneously at the same premises. An applicant for a beer and wine store license and a bar license may consolidate the application and may apply for both licenses at the same time. The holder of each license shall fully comply with all applicable provisions of this title. A beer and wine store license and a bar license on the same premises shall be owned by and issued to the same licensee. If a beer and wine store license and a bar license are issued at the same premises, for purposes of reporting liquor purchases under each license, all off-sale beer and wine sales are conclusively presumed to be purchased under the beer and wine store license.

Sec. 2. Section 11-211, Arizona Revised Statutes, is amended to read:

11-211. Membership; qualifications; term

A. There shall be in each county having a population of one hundred seventy-five thousand or more persons a board of supervisors consisting of five members who shall be qualified electors of their supervisorial district, and who shall be elected at a general election at which the president of the United States is elected. In each county having a population of less than one hundred seventy-five thousand persons, a board of supervisors shall consist of three members, except as prescribed by subsection B or C of this section, who shall be qualified electors of their supervisorial district and who shall be elected at a general election at which the president of the United States is elected. They shall enter on their duties on January 1 subsequent to their election, and shall hold office for four years. No person holding any other county or precinct office is eligible to the office of supervisor.

B. Any county having a population of less than one hundred fifty thousand persons but more than one hundred thousand persons shall call an election to change from a three-member to a five-member board of supervisors, or from a five-member to a three-member board of supervisors, on receipt by the board of supervisors of a petition containing signatures of qualified electors equal to at least ten ~~per cent~~ PERCENT of the votes cast in the county at the preceding general election at which a president of the United States was elected. The board shall submit to the electors in the county, at a special election called for that purpose, the question whether or not the county shall elect five members or three members to the board of supervisors. The election shall be held before the first Monday in January preceding the next general election. The ballots shall contain the words: "Five supervisors, yes. Five supervisors, no." or "Three supervisors, yes. Three supervisors, no." If the majority of the qualified electors voting on the question votes in the affirmative, the board of supervisors shall redistrict the county in accordance with section 11-212. The county shall thereafter elect the prescribed number of members to the board of supervisors who shall be elected in the manner provided in subsection A of this section and have the same qualifications as provided in subsection A of this section for a board of supervisors with a population of one hundred seventy-five thousand or more persons, and shall hold office for a term of four years to commence on January 1.

C. Any county having a population of at least one hundred fifty thousand persons but not more than one hundred seventy-five thousand persons and having a county board of supervisors that consists of three persons shall submit to the electors in the county, at the next general election after the release of the population estimate from the ~~office of employment and population statistics~~ OFFICE OF ECONOMIC OPPORTUNITY, the question of whether the county shall elect five members to the board of supervisors. The ballots must contain the words: "Five supervisors, yes. Five supervisors, no." If

approved by a majority of the qualified electors of that county who voted on the question, the board of supervisors shall redistrict the county pursuant to section 11-212. The county thereafter shall elect at the next general election immediately following the election at which the question is approved the prescribed number of members to the board of supervisors who shall have the same qualifications as provided in subsection A of this section. The following apply to the election for the county board of supervisors prescribed in this subsection:

1. If the next general election immediately following the election at which the question is approved is held in a year that is the last year of the four-year term of the three members of the county board of supervisors who are already holding office, the five persons elected to the county board of supervisors hold office for a term of four years to commence on January 1 immediately following their election.

2. If the next general election immediately following the election at which the question is approved is held in a year that is not the last year of the four-year term of the three members of the county board of supervisors who are already holding office, the two additional persons elected to the county board of supervisors hold office for a term of four years to commence on January 1 immediately following their election. The three members of the county board of supervisors who are already holding office continue to serve their four-year terms of office without regard to whether they are residents of the newly redrawn supervisorial districts for the remainder of those four-year terms. Thereafter, members of the board of supervisors must be residents of their supervisorial district and the term of office for members of that county board of supervisors shall be staggered four-year terms.

3. For the election at which the question of whether the county shall elect five members to the board of supervisors is on the ballot, the county shall include in the publicity pamphlet an estimate of the cost to the county for each additional member to the board of supervisors.

4. For the purposes of this subsection, "population" means the population according to the annual population estimate provided by the ~~office of employment and population statistics~~ OFFICE OF ECONOMIC OPPORTUNITY.

Sec. 3. Section 11-292, Arizona Revised Statutes, is amended to read:

11-292. Medical care; definition

A. The board of supervisors, subject to the applicable provisions of title 42, chapter 17, articles 2 and 3, shall include in its annual budget an amount equal to fifty ~~per cent~~ PERCENT of the amount budgeted by the county board of supervisors or the amount expended, whichever is less, for the hospitalization and medical care of the indigent sick pursuant to this article for fiscal year 1980-1981, except for Yuma and La Paz counties. The contribution amounts of those counties shall be equal to the amount Yuma county would have made pursuant to this subsection if a division had not occurred apportioned between the counties. The office of the auditor general shall determine the amount Yuma county would otherwise have included if a

division had not occurred and shall then determine the contribution amounts of Yuma and La Paz counties based on the proportionate share of the estimated population in these counties as of July 1, 1982.

B. For fiscal year 1994-1995, and for each fiscal year thereafter, the state treasurer shall withhold an amount sufficient to meet the county portion of the nonfederal costs of providing long-term care system services, pursuant to title 36, chapter 29, article 2, excluding services to persons with developmental disabilities, from monies otherwise payable to the county under section 42-5029, subsection D, paragraph 2. This amount and the state portion of the nonfederal costs shall be specified in the annual appropriation for the maintenance and operation of the Arizona health care cost containment system. For fiscal years 1994-1995, 1995-1996 and 1996-1997, monies shall be withheld from each county based on the following percentages derived from a state auditor general's certified audit of fiscal year 1987-1988 county long-term care and home health care expenditures, except that amounts withheld shall be adjusted to reflect amounts paid by counties pursuant to section 36-2952:

1.	Apache:	0.22%
2.	Cochise:	2.49%
3.	Coconino:	0.66%
4.	Gila:	2.56%
5.	Graham:	0.64%
6.	Greenlee:	0.34%
7.	La Paz:	0.34%
8.	Maricopa:	56.55%
9.	Mohave:	2.73%
10.	Navajo:	0.91%
11.	Pima:	20.55%
12.	Pinal:	5.09%
13.	Santa Cruz:	1.05%
14.	Yavapai:	3.12%
15.	Yuma:	2.75%

C. In each fiscal year, of the total amount that is specified in the annual appropriation as the nonfederal portion of the cost of providing long-term care services and that portion of the phased-down medicare prescription drug state contribution attributable to the Arizona long-term care system, excluding services and phased-down medicare prescription drug state contribution costs associated with persons with developmental disabilities, and that represents an increase from the amount that was specified in the annual appropriation for the prior fiscal year, the state shall pay fifty ~~per cent~~ PERCENT of the increase. The remaining nonfederal portion of the costs shall be apportioned among the counties according to the proportion that each county's net nonfederal expenditures for long-term care services, excluding services to persons with developmental disabilities,

bears to the total nonfederal expenditure for all counties two fiscal years earlier, with the following adjustments in the following order:

1. If the resulting net county contribution when expressed as an imputed property tax rate per one hundred dollars of net assessed value exceeds ninety cents, the county's contribution shall be reduced so that the imputed property tax rate equals ninety cents and the difference shall be paid by the state.

2. Any county with a native American population that represents at least twenty ~~per cent~~ PERCENT of the county's total population according to the most recent United States decennial census shall contribute an amount equal to the prior fiscal year's contribution plus fifty ~~per cent~~ PERCENT of the difference between the prior year's contribution were it calculated using the percentage in subsection B of this section and the current year's contribution as if its share of the total nonfederal portion of the long-term care costs had been calculated using the percentage prescribed in subsection B of this section and the state shall pay any difference from the amount otherwise required by this subsection.

3. If, after making the adjustments in this subsection, a county would contribute more than if its contribution were calculated using the percentage prescribed in subsection B of this section multiplied by the total nonfederal costs of long-term care services, excluding services to persons with developmental disabilities, the county's contribution shall be reduced to the sum of its prior year's contribution plus fifty ~~per cent~~ PERCENT of the difference between the prior year's contribution were it calculated using the percentage in subsection B of this section and the current year's contribution as if its share of the total nonfederal portion of long-term care costs had been calculated using the percentage prescribed in subsection B of this section and the state shall pay any difference from the amount otherwise required by this subsection.

4. After making all of the adjustments in this subsection, a statewide per capita county contribution shall be calculated by summing the contributions for all counties and then dividing the resulting total by the total state population. If an individual county's contribution when expressed as a per capita contribution exceeds the statewide per capita county contribution, the county's contribution shall be reduced so that the county's contribution equals the statewide per capita contribution and the difference shall be paid by the state. For the purposes of this paragraph, "population" means the population estimate approved by the ~~office of employment and population statistics~~ OFFICE OF ECONOMIC OPPORTUNITY for the most recent fiscal year.

D. The director of the Arizona health care cost containment system administration shall notify each county of the amount determined pursuant to subsection A of this section to be included in its annual budget no later than May 1 of each year.

E. If a county does not provide funding as specified in subsection A of this section, the state treasurer shall subtract the amount owed to the Arizona health care cost containment system fund by the county from any payments required to be made by the state treasurer to that county pursuant to section 42-5029, subsection D, paragraph 2, plus interest on that amount pursuant to section 44-1201 retroactive to the first day the funding was due. If the monies the state treasurer withholds are insufficient to meet that county's funding requirement as specified in subsection A of this section, the state treasurer shall withhold from any other monies payable to that county from whatever state funding source is available an amount necessary to fulfill that county's requirement. The state treasurer shall not withhold distributions from the highway user revenue fund pursuant to title 28, chapter 18, article 2.

F. Each month payment of an amount equal to one-twelfth of the total amount determined pursuant to subsection A of this section shall be made to the state treasurer. Payment of this amount shall be made to the state treasurer on or before the fifth day of each month. Upon request from the director of the Arizona health care cost containment system administration, the state treasurer shall require that up to three months' payments be made in advance, if necessary.

G. The state treasurer shall deposit the amounts paid pursuant to subsection F of this section and amounts withheld pursuant to subsection E of this section in the Arizona health care cost containment system fund established by section 36-2913.

H. If payments made pursuant to subsection F of this section exceed the amount required to meet the costs incurred by the Arizona health care cost containment system for the hospitalization and medical care of a person who is defined as an eligible person pursuant to section 36-2901, paragraph 6, subdivision (a), the director of the Arizona health care cost containment system administration may instruct the state treasurer either to reduce remaining payments to be paid pursuant to this section by a specified amount or to provide to the counties specified amounts from the Arizona health care cost containment system fund.

I. The amount of the county contribution to the Arizona health care cost containment system fund established by section 36-2913 shall not exceed thirty-three ~~per cent~~ PERCENT of the amount that the system administration expended in the county for fiscal year 1983-1984. For the purposes of this subsection, system administration expenditures in a county for fiscal year 1983-1984 are the total capitation and fee for service amounts paid by the system administration to providers in a county before February 1, 1986 for services rendered during fiscal year 1983-1984 to persons eligible for the system.

J. The state treasurer shall deposit the monies withheld from the counties and contributed by the state pursuant to subsection B of this section in the long-term care system fund established by section 36-2913, in

twelve equal monthly installments. The monthly installments shall be deposited in the fund by the state treasurer by the fourth working day of each month.

K. By July 1 or within sixty days after enactment of the annual appropriation for the maintenance and operation of the Arizona health care cost containment system, whichever is later, and after consulting with the joint legislative budget committee and the governor's office of strategic planning and budgeting, the state treasurer shall notify each county of the amount to be withheld pursuant to subsection B of this section.

L. If the monies deposited in the long-term care system fund pursuant to subsection J of this section are insufficient to meet the funding requirement as specified in the annual appropriation for the maintenance and operation of the Arizona health care cost containment system pursuant to subsection B of this section, the state treasurer shall withhold from any other monies payable to that county from any available state funding source, other than the highway user revenue fund, the amount required to fulfill fifty ~~per cent~~ PERCENT of the funding requirement and shall deposit the monies in the long-term care system fund. The state shall pay the remaining fifty ~~per cent~~ PERCENT of the funding requirement.

M. If any monies in the funds for the purpose of title 36, chapter 29, article 2 remain unexpended at the end of the fiscal year, the director of the Arizona health care cost containment system administration shall specify to the state treasurer the amount to be withdrawn from the long-term care system fund. Of the amount specified, the state treasurer shall distribute fifty ~~per cent~~ PERCENT to the counties pursuant to subsection B or C of this section. The remaining fifty ~~per cent~~ PERCENT shall be distributed to the state.

N. The board of supervisors of a county that is a program contractor pursuant to section 36-2940 shall include in its annual budget, subject to title 42, chapter 17, articles 2 and 3, monies received from the Arizona health care cost containment system fund and long-term care system fund for the purposes of title 36, chapter 29, article 2.

O. Notwithstanding any law to the contrary, beginning in fiscal year 2005-2006 and in each fiscal year thereafter, the state treasurer shall withhold a total of two million three hundred ninety-five thousand four hundred dollars for the county contribution for the administrative costs of implementing sections 36-2901.01 and 36-2901.04 beginning with the second monthly distribution of transaction privilege tax revenues otherwise distributable after subtracting any amounts withheld for the county long-term care contribution. Beginning in fiscal year 2006-2007, the state treasurer shall adjust the amount withheld according to the annual changes in the GDP price deflator and as calculated by the joint legislative budget committee staff. Beginning in fiscal year 2006-2007, the joint legislative budget committee shall calculate an additional adjustment of the allocation required by this subsection based on changes in the population as reported by the

~~office of employment and population statistics~~ OFFICE OF ECONOMIC OPPORTUNITY. For the purposes of this subsection, "GDP price deflator" has the same meaning prescribed in section 41-563. Each county's annual contribution is as follows:

1. Apache, 3.296 ~~per cent~~ PERCENT.
2. Cochise, 6.148 ~~per cent~~ PERCENT.
3. Coconino, 6.065 ~~per cent~~ PERCENT.
4. Gila, 2.491 ~~per cent~~ PERCENT.
5. Graham, 1.7710 ~~per cent~~ PERCENT.
6. Greenlee, 0.455 ~~per cent~~ PERCENT.
7. La Paz, 0.9430 ~~per cent~~ PERCENT.
8. Mohave, 7.079 ~~per cent~~ PERCENT.
9. Navajo, 4.640 ~~per cent~~ PERCENT.
10. Pima, 42.168 ~~per cent~~ PERCENT.
11. Pinal, 8.251 ~~per cent~~ PERCENT.
12. Santa Cruz, 1.950 ~~per cent~~ PERCENT.
13. Yavapai, 7.794 ~~per cent~~ PERCENT.
14. Yuma, 6.949 ~~per cent~~ PERCENT.

P. The state treasurer shall deposit the amounts paid pursuant to subsection O of this section in the budget neutrality compliance fund established by section 36-2928.

Q. Beginning in fiscal year 2006-2007 for a county that is subject to section 12-269, the county's contributions pursuant to this section shall be reduced by the amount of state aid for probation services that the county would have received in the first fiscal year in which the county does not receive state aid for probation services. Any increase in the county's contributions in subsequent years shall be reduced according to its proportionate share of the base contribution. County contributions shall be reduced in the following priority:

1. First as applied to the contribution provided for in subsection O of this section.
2. Second as applied to the contribution provided for in subsection A of this section or any other contribution for acute care or for the provision of hospitalization and medical care that would otherwise be required.
3. Third as applied to the contribution provided for in subsection C of this section.

R. Beginning in fiscal year 2007-2008 for a county that is subject to section 22-117, subsection D, the county's contributions pursuant to this section shall be reduced by the amount of the state reimbursement that the county would have received in fiscal year 2007-2008 for the salaries of justices of the peace pursuant to section 22-117, subsection B. Any increase in the county's contributions in subsequent years shall be reduced according to its proportionate share of the base contribution. County contributions shall be reduced in the following priority:

1. First as applied to the contribution provided for in subsection O of this section.

2. Second as applied to the contribution provided for in subsection A of this section or any other contribution for acute care or for the provision of hospitalization and medical care that would otherwise be required.

S. For the purposes of this section, "net assessed value" includes the values used to determine voluntary contributions collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

Sec. 4. Section 15-1626, Arizona Revised Statutes, is amended to read:

15-1626. General administrative powers and duties of board; definition

A. The board shall:

1. Have and exercise the powers necessary for the effective governance and administration of the institutions under its control. To that end, the board may adopt, and authorize each university to adopt, such regulations, policies, rules or measures as are deemed necessary and may delegate in writing to its committees, to its university presidents, or their designees, or to other entities under its control, any part of its authority for the administration and governance of such institutions, including those powers enumerated in section 15-1625, subsection B, paragraphs 2 and 4, paragraphs 3, 4, 8, 9, 11 and 12 of this subsection and subsection B of this section. Any delegation of authority may be rescinded by the board at any time in whole or in part.

2. Appoint and employ and determine the compensation of presidents with such power and authority and for such purposes in connection with the operation of the institutions as the board deems necessary.

3. Appoint and employ and determine the compensation of vice-presidents, deans, professors, instructors, lecturers, fellows and such other officers and employees with such power and authority and for such purposes in connection with the operation of the institutions as the board deems necessary, or delegate its authority pursuant to paragraph 1 of this subsection.

4. Remove any officer or employee when the interests of education in this state so require in accordance with its personnel rules and policies.

5. Fix tuitions and fees to be charged and differentiate the tuitions and fees between institutions and between residents, nonresidents, undergraduate students, graduate students, students from foreign countries and students who have earned credit hours in excess of the credit hour threshold. For the purposes of this paragraph, the undergraduate credit hour threshold is one hundred forty-five hours for students who attend a university under the jurisdiction of the board. The undergraduate credit hour threshold shall be based on the actual full-time equivalent student enrollment counted on the forty-fifth day of every fall and spring semester, divided by two, and any budget adjustment based on student enrollment shall occur in the fiscal year following the actual full-time equivalent student

enrollment count. The undergraduate credit hour threshold shall not apply to degree programs that require credit hours above the credit hour threshold, credits earned in the pursuit of up to two baccalaureate degrees, credits earned in the pursuit of up to two state regulated licensures or certificates, credits earned in the pursuit of teaching certification, credits transferred from a private institution of higher education, credits transferred from an institution of higher education in another state, credits earned at another institution of higher education but that are not accepted as transfer credits at the university where the student is currently enrolled and credits earned by students who enroll at a university under the jurisdiction of the board more than twenty-four months after the end of that student's previous enrollment at a public institution of higher education in this state. On or before October 15 of each year, the board shall report to the joint legislative budget committee the number of in-state students and out-of-state students who were enrolled at universities under the jurisdiction of the board during the previous fiscal year who met or exceeded the undergraduate credit hour threshold prescribed in this paragraph. The amount of tuition, registration fees and other revenues included in the operating budget for the university adopted by the board as prescribed in paragraph 13 of this subsection shall be deposited, pursuant to sections 35-146 and 35-147. All other tuition and fee revenue shall be retained by each university for expenditure as approved by the board, except that the universities shall not use any tuition or fee revenue to fund or support an alumni association.

6. Except as provided in subsection I of this section, adopt rules to govern its tuition and fee setting process that provide for the following:

(a) At least one public hearing at each university as an opportunity for students and members of the public to comment on any proposed increase in tuition or fees.

(b) Publication of the notice of public hearing at least ten days ~~prior to~~ BEFORE the hearing in a newspaper of general circulation in Maricopa county, Coconino county and Pima county. The notice shall include the date, time and location of the public hearing.

(c) Public disclosure by each university of any proposed increases in tuition or fees at least ten days ~~prior to~~ BEFORE the public hearing.

(d) Final board action on changes in tuition or fees shall be taken by roll call vote.

The procedural requirements of subdivisions (a), (b), (c) and (d) of this paragraph apply only to those changes in tuition or fees that require board approval.

7. Pursuant to section 35-115, submit a budget request for each institution under its jurisdiction that includes the estimated tuition and fee revenue available to support the programs of the institution as described in the budget request. The estimated available tuition and fee revenue shall be based on the tuition and registration fee rates in effect at the time the

budget request is submitted with adjustments for projected changes in enrollment as provided by the board.

8. Establish curriculums and designate courses at the several institutions that in its judgment will best serve the interests of this state.

9. Award such degrees and diplomas on the completion of such courses and curriculum requirements as it deems appropriate.

10. Prescribe qualifications for admission of all students to the universities. The board shall establish policies for guaranteed admission that assure fair and equitable access to students in this state from public, private and charter schools and homeschools. For the purpose of determining the qualifications of honorably discharged veterans, veterans are those persons who served in the armed forces for a minimum of two years and who were previously enrolled at a university or community college in this state. No prior failing grades received by the veteran at the university or community college in this state may be considered.

11. Adopt any energy conservation standards promulgated by the department of administration for the construction of new buildings.

12. Employ for such time and purposes as the board requires attorneys whose compensation shall be fixed and paid by the board. Litigation to which the board is a party and for which self-insurance is not provided may be compromised or settled at the direction of the board.

13. Adopt annually an operating budget for each university equal to the sum of appropriated general fund monies and the amount of tuition, registration fees and other revenues approved by the board and allocated to each university operating budget.

14. In consultation with the state board of education and other education groups, develop and implement a program to award honors endorsements to be affixed to the high school diplomas of qualifying high school pupils and to be included in the transcripts of pupils who are awarded endorsements. The board shall develop application procedures and testing criteria and adopt testing instruments and procedures to administer the program. In order to receive an honors endorsement, a pupil must demonstrate an extraordinary level of knowledge, skill and competency as measured by the testing instruments adopted by the board in mathematics, English, science and social studies. Additional subjects may be added at the determination of the board. The program is voluntary for pupils.

15. Require the publisher of each literary and nonliterary textbook used in the universities of this state to furnish computer software in a standardized format when software becomes available for nonliterary textbooks to the Arizona board of regents from which braille versions of the textbooks may be produced.

16. Require universities that provide a degree in education to require courses that are necessary to obtain a provisional structured English immersion endorsement as prescribed by the state board of education.

17. Acquire United States flags for each classroom that are manufactured in the United States and that are at least two feet by three feet and hardware to appropriately display the United States flags, acquire a legible copy of the Constitution of the United States and the Bill of Rights, display the flags in each classroom in accordance with title 4 of the United States Code and display a legible copy of the Constitution of the United States and the Bill of Rights adjacent to the flag.

18. To facilitate the transfer of military personnel and their dependents to and from the public schools of this state, pursue, in cooperation with the state board of education, reciprocity agreements with other states concerning the transfer credits for military personnel and their dependents. A reciprocity agreement entered into pursuant to this paragraph shall:

(a) Address procedures for each of the following:

(i) The transfer of student records.

(ii) Awarding credit for completed course work.

(iii) Permitting a student to satisfy the graduation requirements prescribed in section 15-701.01 through the successful performance on comparable exit-level assessment instruments administered in another state.

(b) Include appropriate criteria developed by the state board of education and the Arizona board of regents.

19. Require a university to publicly post notices of all of its employment openings, including the title and description, instructions for applying and relevant contact information.

20. In consultation with the community college districts in this state, develop and implement common equivalencies for specific levels of achievement on advanced placement examinations and international baccalaureate examinations in order to award commensurate postsecondary academic credits at community colleges and public universities in this state.

21. On or before August 1 of each year, report to the joint legislative budget committee the graduation rate by university campus during the previous fiscal year. The board shall also report the retention rate by university campus and by class, as determined by date of entry during the previous fiscal year.

B. The board shall adopt personnel policies for all employees of the board and the universities.

C. In conjunction with the auditor general, the board shall develop a uniform accounting and reporting system, which shall be reviewed by the joint legislative budget committee before final adoption by the board. The board shall require each university to comply with the uniform accounting and reporting system.

D. The board may employ legal assistance in procuring loans for the institutions from the United States government. Fees or compensation paid for such legal assistance shall not be a claim on the general fund of this state but shall be paid from funds of the institutions.

E. The board shall approve or disapprove any contract or agreement entered into by the university of Arizona hospital with the Arizona ~~health facilities~~ INDUSTRIAL DEVELOPMENT authority.

F. The board may adopt policies that authorize the institutions under its jurisdiction to enter into employment contracts with nontenured employees for periods of more than one year but not more than five years. The policies shall prescribe limitations on the authority of the institutions to enter into employment contracts for periods of more than one year but not more than five years, including the requirement that the board approve the contracts.

G. The board may adopt a plan or plans for employee benefits that allow for participation in a cafeteria plan that meets the requirements of the United States internal revenue code of 1986.

H. The board may establish a program for the exchange of students between the universities under the jurisdiction of the board and colleges and universities located in the state of Sonora, Mexico. Notwithstanding subsection A, paragraph 5 of this section, the program may provide for in-state tuition at the universities under the jurisdiction of the board for fifty Sonoran students in exchange for similar tuition provisions for up to fifty Arizona students enrolled or seeking enrollment in Sonoran colleges or universities. The board may direct the universities to work in conjunction with the Arizona-Mexico commission to coordinate recruitment and admissions activities.

I. Subsection A, paragraph 6, subdivisions (a), (b), (c) and (d) of this section do not apply to fee increases that are set by individual universities and that do not require approval by the Arizona board of regents before the fee increase becomes effective.

J. The Arizona board of regents, in collaboration with the universities under its jurisdiction, shall adopt a performance funding model. The performance funding model shall use performance metrics that include the increase in degrees awarded, the increase in completed student credit hours and the increase in externally generated research and public service funding. The funding formula may give added weight to degrees related to science, technology, engineering and mathematics and other high-value degrees that are in short supply or that are essential to this state's long-term economic development strategy.

K. The Arizona board of regents shall use the performance funding model adopted pursuant to subsection J of this section in developing and submitting budget requests for the universities under its jurisdiction.

L. On or before November 1 of each year, the Arizona board of regents shall submit to the joint legislative budget committee and the governor's office of strategic planning and budgeting a report on university debt and obligations, including:

1. Long-term notes and obligations.

2. Certificates of participation and other obligations pursuant to any lease-purchase agreements.

3. Revenue bonds.

4. Bonds issued pursuant to section 15-1682.03.

M. The report issued pursuant to subsection L of this section shall contain, for the most recent fiscal year:

1. The aggregate level of outstanding principal and the principal and interest payments, by type of debt or obligation.

2. An itemization, by campus and project, of the amount of yearly principal and interest to be paid in the most recent and the next five fiscal years.

N. The board may enter into an intergovernmental agreement pursuant to section 15-1747 to manage universities under its jurisdiction subject to the terms of the reciprocity agreement.

O. For the purposes of this section, "university debt and obligations" means debt and obligations, the principal and interest of which are paid in whole or in part with university monies.

Sec. 5. Title 23, chapter 4, article 5, Arizona Revised Statutes, is amended by adding sections 23-722.03 and 23-722.04, to read:

23-722.03. Memorandum of understanding; retention; use; definition

A. THE DEPARTMENT SHALL ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE OFFICE OF ECONOMIC OPPORTUNITY TO ESTABLISH WORKFORCE DATA STEWARDSHIP PURSUANT TO SECTION 41-5403 TO SUPPORT THE EVALUATION OF WORKFORCE AND EDUCATION PROGRAMS AND THE DEVELOPMENT OF LABOR MARKET INFORMATION.

B. THE DEPARTMENT OF ECONOMIC SECURITY, THE DEPARTMENT OF EDUCATION AND THE OFFICE OF ECONOMIC OPPORTUNITY SHALL NOTIFY ALL APPLICANTS OF AND PARTICIPANTS IN WORKFORCE INNOVATION AND OPPORTUNITY ACT (P.L. 113-128; 128 STAT. 1425) PROGRAMS FOR WHICH THIS STATE HAS REPORTING, MONITORING OR EVALUATION RESPONSIBILITIES THAT INFORMATION OBTAINED ON APPLICATION AND DURING PARTICIPATION MAY BE USED TO EVALUATE PROGRAM EFFECTIVENESS AND TO CONDUCT RESEARCH OF THE LABOR MARKET.

C. ALL WORKFORCE EVALUATION SYSTEM RESEARCH PRODUCTS PRODUCED WITH THE USE OF UNEMPLOYMENT INSURANCE INFORMATION MUST BE SUBMITTED TO THE OFFICE OF ECONOMIC OPPORTUNITY FOR ARCHIVAL PURPOSES. RESEARCH PRODUCTS THAT DO NOT CONTAIN PERSONALLY IDENTIFIABLE INFORMATION MUST BE MADE AVAILABLE TO THE PUBLIC, AND THE SECRETARY OF STATE SHALL HOLD THIS INFORMATION FOR LONG-TERM RETENTION.

D. FOR THE PURPOSES OF THIS SECTION, "RESEARCH PRODUCTS" MEANS THE STATISTICAL ANALYSES AND REPORTS THAT ARE PRODUCED BY STATE ENTITIES WITH THE USE OF UNEMPLOYMENT INSURANCE INFORMATION PURSUANT TO SECTION 23-722.04

23-722.04. Unemployment insurance information; disclosure; violation; classification

A. THE DEPARTMENT OR THE OFFICE OF ECONOMIC OPPORTUNITY MAY DISCLOSE UNEMPLOYMENT INSURANCE INFORMATION TO THE FOLLOWING ENTITIES:

1. ANY FEDERAL, STATE OR LOCAL GOVERNMENTAL AGENCY IN THE INVESTIGATION OF FRAUD RELATING TO PUBLIC PROGRAMS OR THE MISUSE OF PUBLIC MONIES.

2. DIVISIONS OF THE DEPARTMENT, INCLUDING THE EMPLOYMENT AND REHABILITATION SERVICES ADMINISTRATIONS, FOR PROGRAM AND RESEARCH PURPOSES.

3. THE WORKFORCE ARIZONA COUNCIL FOR PROGRAM PERFORMANCE, REGIONAL PLANNING AND OTHER PROGRAM AND RESEARCH PURPOSES.

4. THE DEPARTMENT OF EDUCATION TO EVALUATE ADULT EDUCATION PROGRAM PERFORMANCE AND FOR OTHER PRIMARY AND ADULT EDUCATION PROGRAM AND RESEARCH PURPOSES.

5. THE ARIZONA BOARD OF REGENTS, UNIVERSITIES UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS AND COMMUNITY COLLEGE DISTRICTS TO EVALUATE PROGRAM PERFORMANCE AND FOR OTHER PROGRAM AND RESEARCH PURPOSES.

6. THE UNITED STATES DEPARTMENT OF LABOR, OR ITS AGENTS, OR THE UNITED STATES CENSUS BUREAU, OR ITS AGENTS, AS REQUIRED BY LAW OR IN CONNECTION WITH THE REQUIREMENTS IMPOSED AS A RESULT OF RECEIVING FEDERAL FUNDING.

7. DEPARTMENT CONTRACTORS OR SUBCONTRACTORS, OR THEIR AGENTS, FOR THE SOLE PURPOSE OF PROVIDING FOR THE PROCESSING, STORAGE AND TRANSMISSION OF INFORMATION. THIS DISCLOSURE MUST BE CONSISTENT WITH THIS SECTION.

B. ON THE REQUEST OF ONE OF THE ENTITIES PRESCRIBED IN SUBSECTION A OF THIS SECTION TO THE DEPARTMENT OR THE OFFICE OF ECONOMIC OPPORTUNITY, THE DEPARTMENT OR THE OFFICE OF ECONOMIC OPPORTUNITY SHALL DISCLOSE UNEMPLOYMENT INSURANCE INFORMATION TO THE ENTITY PURSUANT TO GUIDELINES ESTABLISHED BY THE WORKFORCE DATA TASK FORCE ESTABLISHED BY SECTION 41-5404 AND PURSUANT TO A WRITTEN DATA SHARING AGREEMENT WITH THE REQUESTING ENTITY IN A FORM DETERMINED BY THE WORKFORCE DATA TASK FORCE PURSUANT TO THE LAWS OF THIS STATE AND APPLICABLE FEDERAL REGULATIONS. THE DEPARTMENT OR THE OFFICE OF ECONOMIC OPPORTUNITY MAY DISCLOSE THE UNEMPLOYMENT INSURANCE INFORMATION ONLY AFTER THE REQUESTING ENTITY HAS DEMONSTRATED THAT THE INFORMATION WILL BE KEPT CONFIDENTIAL, EXCEPT FOR THOSE PURPOSES FOR WHICH THE INFORMATION WAS PROVIDED TO THE REQUESTING ENTITY, AND THAT THE REQUESTING ENTITY HAS SECURITY SAFEGUARDS IN PLACE TO PREVENT THE UNAUTHORIZED DISCLOSURE OF THE INFORMATION.

C. EXCEPT AS OTHERWISE ALLOWED BY LAW OR AS OTHERWISE AUTHORIZED BY AGREEMENT BETWEEN THE DEPARTMENT OF ECONOMIC SECURITY AND THE UNITED STATES DEPARTMENT OF LABOR, THE DEPARTMENT OF ECONOMIC SECURITY OR THE OFFICE OF ECONOMIC OPPORTUNITY MAY NOT USE FEDERAL UNEMPLOYMENT INSURANCE GRANT MONIES TO PAY FOR ANY COSTS INCURRED IN PROCESSING AND HANDLING REQUESTS FOR DISCLOSURE OF UNEMPLOYMENT INSURANCE INFORMATION. THE DEPARTMENT AND THE OFFICE OF ECONOMIC OPPORTUNITY, IN CONSULTATION WITH THE WORKFORCE DATA TASK FORCE, SHALL ESTABLISH A RATE STRUCTURE THAT COMPLIES WITH 20 CODE OF FEDERAL REGULATIONS SECTION 603.8 FOR COSTS INCURRED IN PROCESSING REQUESTS FOR DISCLOSURE OF UNEMPLOYMENT INSURANCE INFORMATION.

D. THE REQUESTING ENTITY MAY NOT MAKE PUBLIC ANY UNEMPLOYMENT INSURANCE INFORMATION THAT IDENTIFIES AN INDIVIDUAL OR THE INDIVIDUAL'S

EMPLOYER. ANY UNAUTHORIZED DISCLOSURE, INCLUDING SECURITY BREACHES, SHALL BE REPORTED TO THE DEPARTMENT AND THE OFFICE OF ECONOMIC OPPORTUNITY IMMEDIATELY. ANY PERSON WHO KNOWINGLY DISCLOSES CONFIDENTIAL UNEMPLOYMENT INSURANCE INFORMATION IN VIOLATION OF THIS SECTION WITHOUT PRIOR WRITTEN AUTHORIZATION FROM THE DEPARTMENT OR THE OFFICE OF ECONOMIC OPPORTUNITY OR AUTHORIZATION AS OTHERWISE PROVIDED BY LAW IS GUILTY OF A CLASS 3 MISDEMEANOR.

E. THE OFFICE OF ECONOMIC OPPORTUNITY MAY USE UNEMPLOYMENT INSURANCE INFORMATION TO PERFORM ECONOMIC ANALYSIS, FOR THE DEVELOPMENT OF LABOR MARKET INFORMATION AND A STATE WORKFORCE EVALUATION DATA SYSTEM AND FOR OTHER PROGRAM AND RESEARCH PURPOSES.

F. THIS SECTION DOES NOT PROHIBIT DISCLOSURE THAT IS REQUIRED OR ALLOWED BY FEDERAL LAW.

Sec. 6. Section 28-332, Arizona Revised Statutes, is amended to read:

28-332. Department of transportation jurisdiction; duties; divisions

A. The exclusive control and jurisdiction over state highways, state routes, state owned airports and all state owned transportation systems or modes are vested in the department of transportation.

B. The department shall:

1. Register motor vehicles and aircraft, license drivers, collect revenues, enforce motor vehicle and aviation statutes and perform related functions.

2. Do multimodal state transportation planning, cooperate and coordinate transportation planning with local governments and establish an annually updated priority program of capital improvements for all transportation modes.

3. Design and construct transportation facilities in accordance with a priority plan and maintain and operate state highways, state owned airports and state public transportation systems.

4. Investigate new transportation systems and cooperate with and advise local governments concerning the development and operation of public transit systems.

5. Have administrative jurisdiction of transportation safety programs and implement them in accordance with applicable law.

C. In order to carry out the responsibilities enumerated in subsection B of this section, the department is organized into the following divisions:

1. Motor vehicle.
2. Transportation planning.
3. Highways.
4. Aeronautics.
5. Public transit.
6. Administrative services.

D. The director may do any of the following:

1. Establish divisions in addition to those prescribed in subsection C of this section.

2. Reorganize the department.

3. Consolidate the department.

~~E. The department shall provide general administrative support, equipment and office and meeting space to the Arizona international development authority established by title 41, chapter 45.~~

Sec. 7. Section 28-6547, Arizona Revised Statutes, is amended to read:

28-6547. Safety enforcement and transportation infrastructure fund; exemption from lapsing

A. The safety enforcement and transportation infrastructure fund is established. The fund consists of monies deposited pursuant to sections 28-2321, 28-2324, 28-2325, 28-5474, 28-5739, 28-5863 and 28-5864. The department shall administer the fund.

B. Subject to legislative appropriation, monies in the fund shall be spent on the following:

1. Enforcement of vehicle safety requirements by the department of public safety and the department of transportation within twenty-five miles of the border between Arizona and Mexico.

2. Costs related to the procurement of electronic equipment, automated systems or improvements to existing electronic equipment or automated systems for relieving vehicle congestion at ports of entry on the border between this state and Mexico.

3. Construction, maintenance and upgrades of transportation facilities, including roads, streets and highways, approved by the board within twenty-five miles of the border between Arizona and Mexico.

4. As approved by the board, construction and maintenance of transportation facilities in the CANAMEX high priority corridor as defined in section 332 of the national highway system designation act of 1995 (P.L. 104-59; 109 Stat. 596-597).

5. Activities of the department that include the collection of transportation and trade data in the United States and Mexico for the purposes of constructing transportation facilities, improving public safety, improving truck processing time and relieving congestion at ports of entry on the border between Arizona and Mexico. The department may enter into an agreement with the Arizona-Mexico commission and provide funding to the commission for the purposes contained in this paragraph.

6. A commitment or investment necessary for the department or another agency of this state to obtain federal monies that are designated for expenditure pursuant to this section.

C. If the department of transportation determines that activities proposed by the Arizona department of homeland security may improve traffic safety in this state, the department of transportation may enter into an agreement with, and provide, subject to legislative appropriation, fund

monies to the Arizona department of homeland security for the purposes contained in this subsection.

~~D. If the department determines that activities proposed by the Arizona international development authority for planning, development and construction of transportation facilities on the border between Arizona and Mexico may improve traffic safety in this state, the department may enter into an agreement with, and provide, subject to legislative appropriation, fund monies to the Arizona international development authority for the purposes contained in this subsection.~~

~~E.~~ D. On notice from the department, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund.

~~F.~~ E. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

Sec. 8. Section 35-701, Arizona Revised Statutes, is amended to read:

35-701. Definitions

In this chapter, unless the context otherwise requires:

1. "Corporation" means any corporation organized as an authority as provided in this chapter.

2. "Governing body" means:

(a) The board or body in which the general legislative powers of the municipality or the county are vested.

(b) The Arizona board of regents with respect to a corporation formed with the permission of the Arizona board of regents.

(c) THE ARIZONA FINANCE AUTHORITY BOARD OF DIRECTORS ESTABLISHED BY TITLE 41, CHAPTER 53, ARTICLE 2.

3. "Income" means gross earnings from wages, salary, commissions, bonuses or tips from all jobs, net earnings from such person's or family's own nonfarm business, professional practice or partnership, and net earnings from such person's or family's own farm. Income includes income, other than earnings, that consists of amounts received from social security or railroad retirement, interest, dividends, veterans payments, pensions and other regular payments, public assistance or welfare payments, including aid for dependent children, old age assistance and aid to the blind or persons with total disability, but excluding separate payments for hospital or other medical care.

4. "Manufactured house" means a structure that is manufactured in a factory after June 15, 1976, that is delivered to a homesite in more than one section and that is placed on a permanent foundation. The dimensions of the completed house shall not be less than twenty feet by forty feet, the roof must be sloping, the siding and roofing must be the same as those found in site-built houses and the house must be eligible for thirty year real estate mortgage financing.

5. "Municipality" or "county" means THE ARIZONA FINANCE AUTHORITY, the Arizona board of regents or any incorporated city or town, including charter

cities, or any county in this state in which a corporation may be organized and in which it is contemplated the corporation will function.

6. "Persons of low and moderate income" means, for the purposes of financing owner-occupied single family dwelling units in areas that the municipality has found, pursuant to section 36-1479, to be slum or blighted areas, as defined in section 36-1471, persons and families whose income does not exceed two and one-half times the median family income of this state. In all other areas it means persons and families whose income does not exceed one and one-half times the median family income of this state.

7. "Project" means any land, any building or any other improvement and all real and personal properties, including machinery and equipment whether or not now in existence or under construction and whether located within or without this state or the municipality or county approving the formation of the corporation, that are suitable for any of the following:

(a) With respect to a corporation formed with the permission of THE ARIZONA FINANCE AUTHORITY, a municipality or A county other than the Arizona board of regents:

(i) Any enterprise for the manufacturing, processing or assembling of any agricultural or manufactured products.

(ii) Any commercial enterprise for the storing, warehousing, distributing or selling of products of agriculture, mining or industry, or of processes related thereto, including research and development.

(iii) A health care institution as defined in section 36-401.

(iv) Residential real property for dwelling units located within the municipality or county approving the formation of the corporation and, in the case of a county, whether or not also within a municipality that is within the county.

(v) Repairing or rehabilitating single family dwelling units or constructing or repairing residential fences and walls.

(vi) Convention or trade show facilities.

(vii) Airports, docks, wharves, mass commuting facilities, parking facilities or storage or training facilities directly related to any of the facilities as provided in this item.

(viii) Sewage or solid waste disposal facilities or facilities for the furnishing of electric energy, gas or water.

(ix) Industrial park facilities.

(x) Air or water pollution control facilities.

(xi) Any educational institution that is operated by a nonprofit educational organization that is exempt from taxation under section 501(c)(3) of the United States internal revenue code and that is not otherwise funded by state monies, any educational institution or organization that is established under title 15, chapter 1, article 8 and that is owned by a nonprofit organization, any private nonsectarian school or any private nonsectarian organization established for the purpose of funding a joint technical education school district.

(xii) Research and development facilities.

(xiii) Any commercial enterprises, including facilities for manufacturing, office, recreational, hotel, motel and service uses.

(xiv) A child welfare agency, as defined in section 8-501, owned and operated by a nonprofit organization.

(xv) A transportation facility constructed or operated pursuant to title 28, chapter 22.

(xvi) A museum operated by a nonprofit organization.

(xvii) Facilities owned or operated by a nonprofit organization described in section 501(c) of the United States internal revenue code of 1986.

(xviii) New or existing correctional facilities within this state.

(b) With respect to a corporation formed with the permission of the Arizona board of regents, any facility consisting of classrooms, lecture halls or conference centers or any facility for research and development or for manufacturing, processing, assembling, marketing, storing and transferring items developed through or connected with research and development or in which the results of such research and development are utilized, but only if the facility is located in an area designated as a research park by the Arizona board of regents.

8. "Property" means any land, improvements thereon, buildings and any improvements thereto, machinery and equipment of any and all kinds necessary to a project and any other personal properties deemed necessary in connection with a project.

9. "Research park" means an area of land that has been designated by the Arizona board of regents as a research park for a university and that, at the date of designation, is owned by this state or by the Arizona board of regents.

10. "Single family dwelling unit" includes any new, used or manufactured house that meets the insuring requirements of the federal housing administration, the United States department of veterans affairs or any other insuring entity of the United States government or any private mortgage insurance or surety company that is approved by the federal home loan mortgage corporation or the federal national mortgage association.

Sec. 9. Section 35-702, Arizona Revised Statutes, is amended to read:

35-702. Proceedings to incorporate industrial development authority

A. Whenever any number of natural persons, not less than three, each of whom is a qualified elector of the municipality or the county or, in the case of a corporation to be formed with the permission of THE ARIZONA FINANCE AUTHORITY OR the Arizona board of regents, qualified electors of this state, file with any governing body thereof an application in writing seeking permission to apply for the incorporation of an industrial development board of ~~such~~ THE municipality or county, ~~such~~ THE governing body shall consider ~~such~~ THE application. If the governing body by resolution finds and

determines that it is wise, expedient, necessary or advisable that the corporation be formed and authorizes the persons making ~~such~~ THE application to form ~~such~~ THE corporation, then the persons making ~~such~~ THE application shall proceed to incorporate as prescribed by this chapter. ~~No~~ A corporation may NOT be formed unless ~~such~~ THE application first has been filed with the governing body having jurisdiction and the governing body adopts a resolution as provided in this section. Any ~~such~~ corporation when formed shall be a political subdivision of ~~the~~ THIS state and have only ~~such~~ THE governmental powers as are set forth in this chapter~~,~~ OR in chapter 6 of this title and the power to enter into intergovernmental agreements in accordance with title 11, chapter 7, article 3.

B. Only one ~~such~~ corporation shall be approved by a municipality or county for operation at any time.

Sec. 10. Section 35-703, Arizona Revised Statutes, is amended to read:

35-703. Articles of incorporation of industrial development authority

In addition to the requirements of title 10, the articles of incorporation shall set forth:

1. The names and residences of the applicants, together with a recital that each of them is a qualified elector of the municipality or the county or, in the case of a corporation to be formed with the permission of THE ARIZONA FINANCE AUTHORITY OR the Arizona board of regents, a qualified elector of this state.

2. The name of the corporation, which shall be "the industrial development authority of the _____ of _____," (the blank spaces to be filled in with the name of the municipality or THE county). IN THE CASE OF A CORPORATION FORMED WITH THE PERMISSION OF THE ARIZONA FINANCE AUTHORITY THE NAME SHALL BE THE "ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY". In the case of a corporation formed with the permission of the Arizona board of regents the name shall be the "Arizona research park authority".

3. A recital that permission to organize the authority has been granted by resolution duly adopted by the governing body of the municipality or county and the date of the adoption of such resolution.

4. The location of the principal office of the authority, which shall be in the municipality or county. In the case of a corporation formed with the permission of the Arizona board of regents the principal office of the corporation shall be the principal office of the Arizona board of regents. IN THE CASE OF A CORPORATION FORMED WITH THE PERMISSION OF THE ARIZONA FINANCE AUTHORITY, THE ARIZONA FINANCE AUTHORITY IS THE PRINCIPAL OFFICE OF THE CORPORATION.

Sec. 11. Section 35-705, Arizona Revised Statutes, is amended to read:

35-705. Board of directors

The authority shall have a board of directors in which all powers of the authority shall be vested and ~~which~~ THAT shall consist of any number of directors, not less than three nor more than nine, all of whom shall be duly

qualified electors of the municipality or county with respect to which the authority was formed, EXCEPT THAT A CORPORATION THAT IS FORMED BY THE ARIZONA FINANCE AUTHORITY SHALL BE GOVERNED PURSUANT TO SECTION 41-5353. In the case of a corporation formed with the permission of the Arizona board of regents the directors must be qualified electors of this state. IN THE CASE OF A CORPORATION FORMED WITH THE PERMISSION OF THE ARIZONA FINANCE AUTHORITY, THE ARIZONA FINANCE AUTHORITY BOARD SHALL SERVE AS THE BOARD OF THE INDUSTRIAL DEVELOPMENT AUTHORITY. The directors shall serve ~~as such~~ without compensation, except that ~~they~~ THE DIRECTORS shall be reimbursed for their actual expenses incurred in the performance of their duties in the same manner as is provided for other state officers. ~~No~~ A director shall NOT be an officer or employee of the authorizing municipality or county. All directors shall declare any conflict of interest as provided in title 38, chapter 3, article 8. The directors shall be elected by the governing body of the authorizing municipality or county, and they shall be so elected that they shall hold office for overlapping terms. At the time of the election of the first board of directors the governing body of the municipality or the county shall divide the directors into three groups containing as nearly equal whole numbers as possible. The first term of the directors included in the first group shall be two years, the first term of the directors included in the second group shall be four years, the first term of the directors included in the third group shall be six years, and thereafter the terms of all directors shall be six years. The governing body may remove a director at any time, with or without cause.

Sec. 12. Section 35-721, Arizona Revised Statutes, is amended to read:

35-721. Bonds of the corporation

A. All principal and interest of bonds issued by the corporation shall be payable solely out of the revenues, proceeds and receipts derived from the corporation's sale of property, loan repayments or lease rentals, or out of the proceeds of bonds issued hereunder, or of any revenues, proceeds and receipts thereof as shall be specified in the proceedings of the board of directors under which the bonds shall be authorized to be issued.

B. The proceedings under which such bonds are to be issued shall require the approval of the governing body of each issuance of bonds.

C. The bonds prescribed by subsection A OF THIS SECTION may:

1. Be executed and delivered by the corporation at any time and from time to time.

2. Be in such form and denominations and of such tenor and maturities.

3. Be in registered or bearer form either as to principal or interest or both.

4. Be payable in such installments and at such time or times not exceeding forty years from the date thereof.

5. Be payable at such place or places within or without ~~the state of Arizona~~ THIS STATE.

6. Bear interest at such rate or rates, payable at such time or times and at such place or places and evidenced in such manner.

7. Be executed by such officers of the corporation and in such manner, and may contain such provisions not inconsistent herewith, all as shall be provided in the proceedings of the board of directors whereunder the bonds are authorized to be issued.

D. If deemed advisable by the board of directors, there may be retained in the proceedings under which any bonds of the corporation are authorized to be issued an option to redeem all or any part thereof as may be specified in such proceedings, at such price or prices and after such notice or notices and on such terms and conditions as may be set forth in such proceedings and as may be briefly recited on the face of the bonds, but nothing in this article shall be construed to confer on the corporation any right or option to redeem any bonds except as may be provided in the proceedings under which they shall be issued.

E. Any bonds of the corporation may be sold at public or private sale in such manner and from time to time as may be determined by the board of directors of the corporation to be most advantageous, and the corporation may pay all expenses, premiums and commissions which its board of directors may deem necessary or advantageous in connection with the issuance thereof. Issuance by the corporation of one or more series of bonds for one or more purposes shall not preclude it from issuing other bonds in connection with the same project or any other project, but the proceedings whereunder any subsequent bonds may be issued shall recognize and protect any prior pledge or mortgage made for any prior issue of bonds. Any bonds of the corporation at any time outstanding may at any time and from time to time be refunded by the corporation by the issuance of its refunding bonds in such amount as the board of directors may deem necessary but not exceeding an amount sufficient to refund the principal of the bonds so to be refunded, together with any unpaid interest thereon and any premiums and commissions necessary to be paid in connection therewith. Any such refunding may be effected whether the bonds to be refunded shall have then matured or shall thereafter mature, either by sale of the refunding bonds and the application of the proceeds thereof for the payment of the bonds to be refunded thereby, or by the exchange of the refunding bonds for the bonds to be refunded thereby with the consent of the holders of the bonds so to be refunded, and regardless of whether or not the bonds to be refunded were issued in connection with the same projects or separate projects, and regardless of whether or not the bonds proposed to be refunded shall be payable at the same date or different dates or shall be due serially or otherwise. All such bonds and the interest coupons applicable thereto are hereby made and shall be construed to be negotiable instruments.

F. UNLESS THE CORPORATION WAS APPROVED BY THE ARIZONA FINANCE AUTHORITY, the corporation shall notify the attorney general of its intention to issue bonds. Such notification shall adequately describe the project.

The attorney general shall inform the corporation within ten days if in ~~his~~ THE ATTORNEY GENERAL'S opinion the project sought to be financed does not come within the purview of this chapter. If after ten days the attorney general has not issued an opinion that the project does not so conform, the corporation may issue such bonds. If the attorney general's negative opinion is issued within ten days, such bonds shall not be issued. ~~No~~ Action shall NOT be brought questioning the legality of any contract, lease, mortgage, proceedings or the issuance of bonds hereunder from and after ninety calendar days ~~from~~ AFTER the date the bonds are authorized to be issued by the governing body.

Sec. 13. Section 35-722, Arizona Revised Statutes, is amended to read:

35-722. Approval by elected official if required by federal law

The governor~~,~~ OR the attorney general, or the state treasurer if designated by the governor, may approve the issuance of any bonds issued by a corporation formed with the permission of THE ARIZONA FINANCE AUTHORITY OR the Arizona board of regents for purposes of complying with federal laws requiring approval by an applicable elected representative.

Sec. 14. Section 35-726, Arizona Revised Statutes, is amended to read:

35-726. Approval of general plan before issuing bonds; fee; definition

A. Bonds shall not be issued by a corporation for the purpose of financing single family dwelling units pursuant to section 35-706, subsection A, paragraph 11 or 12 without approval of a general plan by its governing body. The corporation shall submit a general plan for each respective series of bonds to its governing body. The general plan shall briefly describe:

1. The amount of the proposed bonds.
2. The maximum term of the bonds.
3. The maximum interest rate on the bonds.
4. The need for the bond issue.
5. The terms and conditions for originating or purchasing mortgage loans or making loans to lenders.
6. The area in which the single family dwelling units to be financed may be located.
7. The proposed fees, charges and expenditures to be paid for originators, servicers, trustees, custodians, mortgage administrators and others.
8. All insurance requirements with respect to mortgage loans, mortgaged property, mortgagors, originators, servicers and trustees.
9. The anticipated date of issuance of the bonds.

B. The governing body shall review general plans submitted by corporations pursuant to subsection A of this section. In reviewing the plans the governing body shall consider:

1. Whether the amount of the mortgage monies proposed to be made available is reasonably related to the demand for the mortgage monies.

2. Whether the terms of the general plan are justifiable in the context of the transaction and in the context of similar transactions.

3. Whether the fees, costs and expenditures as set forth in the general plan are reasonably related to the services provided.

4. For projects of owner-occupied single family dwelling units to be occupied by persons of low and moderate income and financed pursuant to section 35-706, subsection A, paragraphs 11 and 12, whether the proposed mortgage monies to be made available will fulfill a public purpose by providing housing for persons of low and moderate income or by encouraging single family developments in all participating jurisdictions, including such jurisdictions' slum or blighted areas as defined in section 36-1471.

C. The governing body shall approve or disapprove the general plan not later than thirty days after receipt of the plan. If the governing body does not act ~~upon~~ ON the general plan within thirty days ~~from~~ AFTER the date of receipt, the general plan shall be deemed approved. If a general plan is approved, the corporation may issue the series of bonds covered by the general plan with a total principal amount, maximum term and maximum interest rate no greater than that which is set forth in the general plan. The origination and servicing fees pertaining to mortgage loans to be financed in accordance with the general plan shall not exceed those proposed in the general plan. The corporation may vary other items in the general plan ~~upon~~ ON a finding that the variation is minor and that the variations will not impair the security for the bonds or substantially increase the cost of financing the single family dwelling units and the findings of the corporation shall be conclusive.

D. The governing body may charge any corporation submitting a general plan for review a fee of not to exceed ten thousand dollars together with reimbursement of its actual costs and expenses incurred in reviewing the general plan.

E. Except for a corporation approved by THE ARIZONA FINANCE AUTHORITY OR a governing body of a county or a municipality having a population of more than seven ~~per cent~~ PERCENT of the total state population ~~computed according to the most recent United States decennial census~~, a corporation shall not issue bonds, other than refunding bonds the proceeds of which are used exclusively to refund a prior bond issue, to finance a multifamily residential rental project, sanitarium, clinic, medical hotel, rest home, nursing home, skilled nursing facility or life care facility as prescribed in section 20-1801, unless the department approves the project. The department, with or without a hearing, shall review the project and consider at least the following factors:

1. The demand for and feasibility of the project in the area set forth in the application to the corporation.

2. The terms and conditions of the proposed bonds.

3. The proposed use of bond proceeds.

4. The benefit to the public if the project provides rental housing for persons of low and moderate income or encourages rental housing in slum or blighted areas as defined in section 36-1471.

5. If the project consists of a nursing home, or a life care facility as prescribed in section 20-1801, the benefit to the public of the project, including the proposed rent, fees and other charges of the project in relation to the level of services to be offered.

F. Subsection E of this section does not apply to bonds issued to finance:

1. A sanitarium, clinic, medical hotel, rest home, nursing home, skilled nursing facility, or life care facility as prescribed in section 20-1801, if the facility is to be owned and operated by this state or a political subdivision or agency of this state.

2. A nursing home, rest home, skilled nursing facility, life care facility or senior residential facility providing on-site medical and support services if the facility is owned and operated by a nonprofit organization that is exempt from taxation under section 501(c)(3) of the United States internal revenue code.

G. Except for a corporation that is exempt under subsection E of this section, the department with or without a hearing shall approve or disapprove the project not later than thirty days after receipt of the request for approval. If the project is approved the corporation may issue the bonds described in the approval request with the total principal amount, maximum term and maximum interest rate no greater than as set forth in the request. The department shall charge each applicant submitting a project approval request pursuant to this subsection a fee of not to exceed five thousand dollars together with reimbursement of its actual costs and expenses incurred in reviewing the project. ~~Beginning on October 1, 2002,~~ The department shall remit the fees to the state treasurer for deposit in the Arizona department of housing program fund established by section 41-3957.

H. For the purposes of this section, "department" means the Arizona department of housing.

Sec. 15. Section 35-751, Arizona Revised Statutes, is amended to read:

35-751. Earnings of the corporation and exemption from restrictions

A. The corporation shall be a nonprofit corporation, and no part of its net earnings remaining after payment of its expenses shall inure to the benefit of any individual, firm or corporation.

B. A project shall be exempt from any requirement of competitive bidding or other restrictions imposed on the procedure for the financing of public improvements or the award of contracts for the construction of public improvements and shall also be exempt from any restrictions imposed on municipalities, counties or political subdivisions relating to the leasing, sale or other disposition of property or funds.

C. AT THE END OF EACH FISCAL YEAR, THE ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY SHALL:

1. TRANSFER ALL UNENCUMBERED MONIES IN EXCESS OF THE AUTHORITY'S OPERATING COSTS GENERATED AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION FROM SINGLE FAMILY MORTGAGE PROGRAMS THAT WERE IN EXISTENCE BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION TO THE HOUSING TRUST FUND ESTABLISHED BY SECTION 41-3955.

2. AFTER THE TRANSFER IS MADE PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION, TRANSFER ALL UNENCUMBERED MONIES IN EXCESS OF THE AUTHORITY'S OPERATING COSTS TO THE ECONOMIC DEVELOPMENT FUND ESTABLISHED BY SECTION 41-5302.

Sec. 16. Section 35-761, Arizona Revised Statutes, is amended to read:

35-761. Cooperation with public bodies

For the purposes of carrying out the intent and provisions of this chapter, the AUTHORIZING governing body ~~of a municipality or county~~ may enter into cooperative agreements with ANY OTHER governing bodies ~~of any other municipality or county~~ or with a state or any department or agency thereof, or with the United States or with any agency, department, or instrumentality thereof.

Sec. 17. Section 35-762, Arizona Revised Statutes, is amended to read:

35-762. Reviewing entities; approval of developments; coordination; definitions

A. Any reviewing entity exercising its statutory duties in connection with a project may agree with any other reviewing entity to share information, coordinate review schedules or jointly conduct reviews.

B. A reviewing entity, in its discretion, may cooperate in the review of a project financing by adopting in whole or in part substantially similar review work performed on the project financing by another reviewing entity that is also charged with review of the project financing if the review work completed by the other entity meets the standards of the reviewing entity.

C. A reviewing entity that adopts in whole or in part review work performed on the project financing by another reviewing entity is deemed for all purposes to have complied with its review responsibilities as if the review work had been performed by the reviewing entity itself.

D. For the purposes of this section:

1. "Project" means a nursing home, rest home, skilled nursing facility, senior residential facility providing on-site medical and support services or life care facility owned and operated by a nonprofit organization that is exempt from taxation under section 501(c)(3) of the United States internal revenue code that is seeking debt financing pursuant to this chapter~~,~~ OR a permit pursuant to title 20, chapter 8 ~~or bond financing pursuant to title 36, chapter 4.2~~.

2. "Reviewing entity" means an industrial development authority formed pursuant to this chapter, a governing body approving the formation of an

industrial development authority~~, the Arizona health facilities authority~~ or the department of insurance.

Sec. 18. Section 35-901, Arizona Revised Statutes, is amended effective from and after December 31, 2016, to read:

35-901. Definitions

In this chapter, unless the context otherwise requires:

1. "Authority" means the Arizona ~~commerce~~ FINANCE authority ESTABLISHED BY TITLE 41, CHAPTER 53, ARTICLE 2.

2. "BOARD" MEANS THE BOARD OF DIRECTORS OF THE AUTHORITY.

~~2.~~ 3. "Bond" means any obligation that is subject to the provisions of section 146 of the code, excluding obligations that received a carry-forward allocation in a prior year.

~~3.~~ 4. "Business day" means between the hours of 8:00 a.m. and 5:00 p.m., mountain standard time, any day of the week other than a Saturday, a Sunday or a legal holiday or a day on which the authority is authorized or obligated by law or executive order to close.

~~4.~~ 5. "Carry-forward project" means any project receiving a carry-forward allocation pursuant to section 35-907.

~~5.~~ 6. "Certificate of closing" means the certificate of closing adopted for use by and to be filed with the authority declaring that bonds were issued or that a qualified mortgage credit certificate program has been established.

~~6. "Chief executive officer" means the chief executive officer of the authority.~~

7. "Code" means the United States internal revenue code of 1986, as amended, and its applicable regulations.

8. "Confirmation" means the allocation confirmation that confirms an allocation to a project in the form adopted for use by the authority.

9. "DIRECTOR" MEANS THE DIRECTOR OF THE AUTHORITY.

~~9.~~ 10. "Issued" means, with respect to a bond or bonds, either of the following:

(a) The bond or bonds have been delivered and paid for in full.

(b) For bonds issued pursuant to a draw-down loan for which a bond purchaser has agreed to receive and pay for the bonds of the issue in increments from time to time, all of the bonds are treated as issued on the first date on which the aggregate principal amount of such bonds delivered and paid for exceeds the lesser of fifty thousand dollars or five percent of the aggregate issue price of the issue.

~~10.~~ 11. "Issuer" means an entity or person issuing bonds.

~~11.~~ 12. "Manufacturing project" means a project as described in section 35-701, paragraph 7, subdivision (a), item (vii) or (xiii).

~~12.~~ 13. "Mortgage credit certificate" means a certificate as described in section 25(c)(1) of the code.

~~13.~~ 14. "Nonurban area" means all areas of this state not within the boundaries of the urban cities.

~~14.~~ 15. "Notice of intent" means the notice of intent to be filed with the authority in the form adopted for use by the authority.

~~15.~~ 16. "Project" means a qualified mortgage credit certificate program or any construction, acquisition, planned expenditure or other activity, including all phases of a multiphased project that requests allocations in the same year and including costs of issuance, capitalized interest and discounts, financed with bonds and located in this state or directly benefiting residents of this state. All qualified mortgage credit certificate programs and qualified mortgage revenue bonds, or combinations of such programs and bonds, of a single issuer or group of issuers acting together, constitute a single project for the purposes of this paragraph.

~~16.~~ 17. "Qualified mortgage credit certificate program" means a qualified mortgage credit certificate program as described in section 25(c)(2) of the code.

~~17.~~ 18. "Qualified mortgage revenue bonds" means an issue of bonds as described in section 143(a) of the code.

~~18.~~ 19. "Qualified student loan project" means an issue of bonds as described in section 144(b) of the code.

~~19.~~ 20. "Request" means the request for allocation to be filed with the authority in the form adopted for use by the authority.

~~20.~~ 21. "Security deposit" means cash, a bank cashier's check, a surety bond, a letter of credit or any other form of security approved by the ~~chief executive officer~~ DIRECTOR in favor of the authority that is received by the authority from an issuer or user to secure or extend an allocation.

~~21.~~ 22. "State ceiling" means the dollar limit of the aggregate amount of private activity bonds that may be issued in this state pursuant to section 146 of the code for each calendar year, beginning in 1988.

~~22.~~ 23. "Tax reform act of 1986" means P.L. 99-514 enacted by the ninety-ninth Congress, second session in 1986.

~~23.~~ 24. "Urban city" means a city having a population of not less than one hundred thousand persons according to the most recent United States decennial or special census. The area of each urban city is the boundary of the city as of January 1 of the current calendar year.

~~24.~~ 25. "Year" means the calendar year.

Sec. 19. Section 35-902, Arizona Revised Statutes, is amended to read:

35-902. Allocation

A. Subject to ~~the provisions of~~ this chapter, the total amount of the state ceiling is allocated among projects pursuant to this section. The chief executive officer shall issue confirmations on a first come, first served basis, within any particular category of projects as described in subsection C, D, E, F or G of this section.

B. ~~Ten per cent~~ THIRTY PERCENT of the state ceiling is allocated to projects that are designated at the sole discretion of the chief executive officer.

C. Thirty-five ~~per cent~~ PERCENT of the state ceiling is allocated to qualified mortgage revenue bonds and qualified mortgage credit certificate programs, excluding any such bonds and certificate programs for home improvement and rehabilitation.

D. ~~Ten per cent~~ FIFTEEN PERCENT of the state ceiling is allocated to qualified residential rental projects as described in the United States internal revenue code of 1986~~, thirty per cent of which shall be for rural residential rental projects for a period of at least one hundred eighty days~~.

E. ~~Twenty per cent~~ FIVE PERCENT of the state ceiling is allocated to qualified student loan projects.

F. ~~Fifteen per cent~~ FIVE PERCENT of the state ceiling is allocated to manufacturing projects.

G. Ten ~~per cent~~ PERCENT of the state ceiling is allocated to all projects financable through issuance of bonds that require an allocation of state ceiling and that are not described and provided for in subsections C, D, E and F of this section. Such projects include, but are not limited to, qualified mortgage revenue bonds and qualified mortgage credit certificate programs for home improvement and rehabilitation.

H. A request shall not be filed and a confirmation shall not be issued to a project unless the project is subject to section 146 of the code. No project is deemed to have been allocated any portion of the state ceiling unless, in connection with the project, ~~the provisions of~~ this chapter ~~have~~ HAS been substantially complied with.

I. Any request on file with the authority for which a confirmation has not been issued by 5:00 p.m. on ~~June 30~~ MARCH 31, other than a request for an allocation pursuant to subsection B of this section, is deemed to have expired at 5:00 p.m. on ~~June 30~~ MARCH 31. All or any part of any confirmation for which bonds have not been issued or for which a qualified mortgage credit certificate program has not been established by 5:00 p.m. on ~~June 30~~ MARCH 31, evidenced by the filing of a certificate of closing with the authority, or for which confirmations have not been extended pursuant to section 35-910, is deemed to have expired.

J. At any given time, an issuer, or an issuer together with one or more other issuers, may not file more than one request for each project, EXCEPT THAT THE AUTHORITY MAY SATISFY AN ALLOCATION REQUEST FROM ONE OR MORE CATEGORIES OF PROJECTS AS DESCRIBED IN SUBSECTION B, C, D, E, F OR G OF THIS SECTION. ~~Nothing in~~ This subsection ~~prohibits~~ DOES NOT PROHIBIT an issuer from refiling a request for a given project if a prior request has expired or filing a request for each separate and distinct project.

K. An issuer may not transfer or assign its rights to an allocation of state ceiling from one project to another project or from itself to another issuer.

Sec. 20. Section 35-902, Arizona Revised Statutes, as amended by section 19 of this act, is amended effective from and after December 31, 2016, to read:

35-902. Allocation

A. Subject to this chapter, the total amount of the state ceiling is allocated among projects pursuant to this section. The ~~chief executive officer~~ DIRECTOR shall issue confirmations on a first come, first served basis, within any particular category of projects as described in subsection C, D, E, F or G of this section.

B. Thirty percent of the state ceiling is allocated to projects that are designated at the sole discretion of the ~~chief executive officer~~ DIRECTOR.

C. Thirty-five percent of the state ceiling is allocated to qualified mortgage revenue bonds and qualified mortgage credit certificate programs, excluding any such bonds and certificate programs for home improvement and rehabilitation.

D. Fifteen percent of the state ceiling is allocated to qualified residential rental projects as described in the United States internal revenue code of 1986.

E. Five percent of the state ceiling is allocated to qualified student loan projects.

F. Five percent of the state ceiling is allocated to manufacturing projects.

G. Ten percent of the state ceiling is allocated to all projects financable through issuance of bonds that require an allocation of state ceiling and that are not described and provided for in subsections C, D, E and F of this section. Such projects include, but are not limited to, qualified mortgage revenue bonds and qualified mortgage credit certificate programs for home improvement and rehabilitation.

H. A request shall not be filed and a confirmation shall not be issued to a project unless the project is subject to section 146 of the code. No project is deemed to have been allocated any portion of the state ceiling unless, in connection with the project, this chapter has been substantially complied with.

I. Any request on file with the authority for which a confirmation has not been issued by 5:00 p.m. on March 31, other than a request for an allocation pursuant to subsection B of this section, is deemed to have expired at 5:00 p.m. on March 31. All or any part of any confirmation for which bonds have not been issued or for which a qualified mortgage credit certificate program has not been established by 5:00 p.m. on March 31, evidenced by the filing of a certificate of closing with the authority, or for which confirmations have not been extended pursuant to section 35-910, is deemed to have expired.

J. At any given time, an issuer, or an issuer together with one or more other issuers, may not file more than one request for each project,

except that the authority may satisfy an allocation request from one or more categories of projects as described in subsection B, C, D, E, F or G of this section. This subsection does not prohibit an issuer from refiling a request for a given project if a prior request has expired or filing a request for each separate and distinct project.

K. An issuer may not transfer or assign its rights to an allocation of state ceiling from one project to another project or from itself to another issuer.

Sec. 21. Section 35-903, Arizona Revised Statutes, is amended effective from and after December 31, 2016, to read:

35-903. Arizona finance authority designated as state registry; fee

A. The Arizona ~~commerce~~ FINANCE authority is designated as the exclusive state registry for:

1. Requests.
2. Recordation of confirmations, whether outstanding or lapsed.
3. Certificates of closing.
4. Recordation of all requests for carry-forward amounts for specific projects.
5. Other records required for the administration of this chapter.

B. The authority shall develop and maintain separate lists for urban cities, nonurban areas, statewide uses and the aggregate for all categories that summarize all information received pursuant to subsection A OF THIS SECTION.

C. Requests and confirmations adopted or issued under this chapter shall be dated and numbered by the ~~chief executive officer~~ DIRECTOR in the order received and issued, and each item shall be independently entered on the proper list. Each list shall be composed in a manner sufficient to show, at any time:

1. The dollar amount of confirmations outstanding and not then lapsed.
2. The dollar amount of the remaining allocation then available.
3. The amount of confirmations actually closed.

D. The authority may assess an application fee for processing the requests.

Sec. 22. Section 35-904, Arizona Revised Statutes, is amended to read:

35-904. Obtaining and issuing confirmations

A. Subject to section 35-905, a confirmation allocating a portion of the state ceiling to a project must be obtained before the sale or issuance of bonds or mortgage credit certificates by the issuer. A confirmation may be obtained by filing with the authority a request and evidence of an inducement resolution or other official action taken by the issuer in connection with the project. Requests filed by mail are deemed to be filed with the authority at 5:00 p.m. on the day the request is actually received at the authority. All requests received on the same date and at the same

time shall be dated and numbered by lot and confirmations to those requests shall be issued in the order determined by lot.

B. On and after the first business day of each year, a request may be prepared and filed by the issuer or on behalf of the issuer by bond counsel or any other interested person.

C. Except as provided in section 35-902, subsection I, section 35-909 and subsection D of this section, a confirmation issued before 5:00 p.m. on ~~June 30~~ MARCH 31 expires and no allocation is deemed to be made unless the applicable bonds have been issued or a qualified mortgage credit certificate program has been established and a certificate of closing has been actually filed, not merely postmarked, with the authority no later than ninety days after the date of the confirmation or the first business day after the ninetieth day if the ninetieth day is not a business day. The confirmation may be extended as provided in section 35-910 beyond ~~such ninety-day~~ THE NINETY-DAY period or 5:00 p.m. on ~~June 30~~ MARCH 31.

D. Notwithstanding subsection C of this section, a confirmation issued for a project to be funded in part with an urban development action grant to be made under section 119 of the housing and community development act of 1974 (P.L. 93-383; 88 Stat. 633) or a housing development grant to be made under section 301 of the housing and urban-renewal recovery act of 1983 (P.L. 98-181, title III, section 301, 97 Stat. 1196 and amended October 17, 1984, P.L. 98-479, title III, section 103, 98 Stat. 2223) expires and no allocation is deemed to be made unless the applicable bonds have been issued and a certificate of closing and evidence satisfactory to the chief executive officer of the commitment to make an urban development action grant or a housing development grant with respect to such project have been actually filed, not merely postmarked, with the authority no later than 5:00 p.m. on December 26.

E. Subject to this section and section 35-909, the confirmation shall ~~assure~~ ENSURE allocation in the manner prescribed by the code for a dollar amount of bonds or a qualified mortgage credit certificate program not in excess of the amount set forth in the confirmation.

F. The chief executive officer shall decline to issue confirmations at such time as the aggregate amount of bonds or mortgage credit certificates allocated under all confirmations previously issued and not expired, together with the proposed issue of bonds or mortgage credit certificates as to which a request has been received, would, through 5:00 p.m. on ~~June 30~~ MARCH 31, exceed the respective aggregate amount allocated under section 35-902, subsection C, D, E, F or G for such purpose, and from ~~July~~ APRIL 1, exceed the aggregate amount of the state ceiling that is not allocated under an unexpired confirmation nor within the discretion of the chief executive officer pursuant to section 35-902, subsection B. On expiration of a confirmation or release of an allocation, the chief executive officer shall issue a confirmation to the next numbered request which is equal to or less than the then available portion of the state ceiling or to the next numbered

request if the principal amount of such request is reduced to an amount equal to or less than the then available portion of the state ceiling available for such purpose. The chief executive officer may only issue a single confirmation for each request.

G. A confirmation made pursuant to the chief executive officer's discretion may be accompanied by a certificate executed by the chief executive officer. On request, the chief executive officer shall execute a certificate stating that the confirmation was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign. The chief executive officer may require such oaths or affirmations as the chief executive officer considers to be necessary to verify the accuracy of the certificate.

H. The chief executive officer shall attempt to issue confirmations within three business days ~~of~~ AFTER receipt and shall issue confirmations in the order of receipt of fully and properly completed requests within the limitations of subsection F of this section. The authority shall notify the issuer or other contact person listed in the request in writing, by ~~telefacsimile~~ E-MAIL or by telephone of the issuance of a confirmation. The authority is not responsible for returning confirmations to the filing party. A confirmation shall be available for pickup at the authority after issuance of the confirmation.

Sec. 23. Section 35-904, Arizona Revised Statutes, as amended by section 22 of this act, is amended effective from and after December 31, 2016, to read:

35-904. Obtaining and issuing confirmations

A. Subject to section 35-905, a confirmation allocating a portion of the state ceiling to a project must be obtained before the sale or issuance of bonds or mortgage credit certificates by the issuer. A confirmation may be obtained by filing with the authority a request and evidence of an inducement resolution or other official action taken by the issuer in connection with the project. Requests filed by mail are deemed to be filed with the authority at 5:00 p.m. on the day the request is actually received at the authority. All requests received on the same date and at the same time shall be dated and numbered by lot and confirmations to those requests shall be issued in the order determined by lot.

B. On and after the first business day of each year, a request may be prepared and filed by the issuer or on behalf of the issuer by bond counsel or any other interested person.

C. Except as provided in section 35-902, subsection I, section 35-909 and subsection D of this section, a confirmation issued before 5:00 p.m. on March 31 expires and no allocation is deemed to be made unless the applicable bonds have been issued or a qualified mortgage credit certificate program has been established and a certificate of closing has been actually filed, not merely postmarked, with the authority no later than ninety days after the date of the confirmation or the first business day after the ninetieth day if

the ninetieth day is not a business day. The confirmation may be extended as provided in section 35-910 beyond the ninety-day period or 5:00 p.m. on March 31.

D. Notwithstanding subsection C of this section, a confirmation issued for a project to be funded in part with an urban development action grant to be made under section 119 of the housing and community development act of 1974 (P.L. 93-383; 88 Stat. 633) or a housing development grant to be made under section 301 of the housing and urban-renewal recovery act of 1983 (P.L. 98-181, title III, section 301, 97 Stat. 1196 and amended October 17, 1984, P.L. 98-479, title III, section 103, 98 Stat. 2223) expires and no allocation is deemed to be made unless the applicable bonds have been issued and a certificate of closing and evidence satisfactory to the ~~chief executive officer~~ DIRECTOR of the commitment to make an urban development action grant or a housing development grant with respect to such project have been actually filed, not merely postmarked, with the authority no later than 5:00 p.m. on December 26.

E. Subject to this section and section 35-909, the confirmation shall ensure allocation in the manner prescribed by the code for a dollar amount of bonds or a qualified mortgage credit certificate program not in excess of the amount set forth in the confirmation.

F. The ~~chief executive officer~~ DIRECTOR shall decline to issue confirmations at such time as the aggregate amount of bonds or mortgage credit certificates allocated under all confirmations previously issued and not expired, together with the proposed issue of bonds or mortgage credit certificates as to which a request has been received, would, through 5:00 p.m. on March 31, exceed the respective aggregate amount allocated under section 35-902, subsection C, D, E, F or G for such purpose, and from April 1, exceed the aggregate amount of the state ceiling that is not allocated under an unexpired confirmation nor within the discretion of the ~~chief executive officer~~ DIRECTOR pursuant to section 35-902, subsection B. On expiration of a confirmation or release of an allocation, the ~~chief executive officer~~ DIRECTOR shall issue a confirmation to the next numbered request which is equal to or less than the then available portion of the state ceiling or to the next numbered request if the principal amount of such request is reduced to an amount equal to or less than the then available portion of the state ceiling available for such purpose. The ~~chief executive officer~~ DIRECTOR may only issue a single confirmation for each request.

G. A confirmation made pursuant to the ~~chief executive officer's~~ DIRECTOR'S discretion may be accompanied by a certificate executed by the ~~chief executive officer~~ DIRECTOR. On request, the ~~chief executive officer~~ DIRECTOR shall execute a certificate stating that the confirmation was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign. The ~~chief executive officer~~ DIRECTOR may require such oaths or affirmations as the ~~chief executive officer~~ DIRECTOR considers to be necessary to verify the accuracy of the certificate.

H. The ~~chief executive officer~~ DIRECTOR shall attempt to issue confirmations within three business days after receipt and shall issue confirmations in the order of receipt of fully and properly completed requests within the limitations of subsection F of this section. The authority shall notify the issuer or other contact person listed in the request in writing, by e-mail or by telephone of the issuance of a confirmation. The authority is not responsible for returning confirmations to the filing party. A confirmation shall be available for pickup at the authority after issuance of the confirmation.

Sec. 24. Section 35-905, Arizona Revised Statutes, is amended to read:

35-905. Restrictions on confirmations; definition

~~A. Before April 1 of each year, seventy per cent of the allocation to manufacturing projects described in section 35-902, subsection F is reserved for manufacturing projects located in nonurban areas, and the remaining thirty per cent of the allocation to manufacturing projects described in section 35-902, subsection F shall be reserved for urban areas. Before July 1 of each year, seventy per cent of the allocation available for confirmation pursuant to the chief executive officer's discretion as described in section 35-902, subsection B is reserved for projects located in nonurban areas, and the remaining thirty per cent of the allocation to the chief executive officer's discretion as described in section 35-902, subsection B, shall be reserved for urban areas.~~

~~B.~~ A. Before December 17, a confirmation shall not be allocated to a project in an amount greater than thirty-five million dollars, except that this subsection does not apply to any project that is eligible to receive an allocation pursuant to section 35-902, subsection B, C or E. For the purposes of this ~~subsection~~ SECTION, the amount of allocation to a project shall also include any other state ceiling allocation received by any related person to the project.

B. For the purposes of this ~~subsection~~ SECTION, "related person" has the same meaning as provided in section 147(a)(2) of the code, except that all references to fifty ~~per cent~~ PERCENT shall be changed to twenty-five ~~per cent~~ PERCENT.

Sec. 25. Section 35-906, Arizona Revised Statutes, is amended to read:

35-906. Allocations obtained after March 31 through 5:00 p.m. December 16

A. Any portions of the state ceiling, including any portions of the state ceiling subject to a confirmation for which bonds have not been issued or for which a qualified mortgage credit certificate program has not been established by 5:00 p.m. on ~~June 30~~ MARCH 31, other than confirmations extended pursuant to section 35-910 and the state ceiling allocated to the discretion of the chief executive officer pursuant to section 35-902, subsection B, shall be pooled and are subject to allocation among requests on a first come, first served basis.

B. Obtaining and issuing confirmations on or after ~~July~~ APRIL 1 through 5:00 p.m. December 16 shall occur as provided in section 35-904, subject to the following restrictions and changes:

1. Requests may be filed on or after ~~July~~ APRIL 1 of each year.

2. A confirmation issued on or after ~~July~~ APRIL 1 through 5:00 p.m. December 16 expires and no issuer is deemed to have been allocated any portion of the state ceiling unless the issuer's bonds have been issued or a qualified mortgage credit certificate program has been established and a certificate of closing has been actually filed, and not merely postmarked, with the authority no later than ninety days after the date of the confirmation or the first business day after the ninetieth day if the ninetieth day is not a business day, or before 5:00 p.m. December 16, whichever occurs first. The confirmation may be extended as provided in section 35-910.

3. Before the chief executive officer issues the confirmation, the authority must receive a security deposit in the amount of one ~~per cent~~ PERCENT of the principal amount stated in the request. The security deposit is forfeited to the authority if the bonds are not issued before the expiration of the confirmation or any extension. The security deposit shall not be required pursuant to this paragraph if the direct beneficiary of the bond proceeds is this state or a county, city, town or nonprofit entity, the issuer is a student loan corporation or the project will include urban development action grant or housing development grant financing, is a qualified mortgage revenue bond or is a qualified mortgage credit certificate program.

~~4. Except as provided in section 35-910, after June 30 of each year, the chief executive officer shall not issue confirmations for any request for allocations submitted directly or indirectly in connection with a qualified mortgage certificate program or qualified mortgage revenue bonds.~~

Sec. 26. Section 35-906, Arizona Revised Statutes, as amended by section 25 of this act, is amended effective from and after December 31, 2016, to read:

35-906. Allocations obtained after March 31 through 5:00 p.m. December 16

A. Any portions of the state ceiling, including any portions of the state ceiling subject to a confirmation for which bonds have not been issued or for which a qualified mortgage credit certificate program has not been established by 5:00 p.m. on March 31, other than confirmations extended pursuant to section 35-910 and the state ceiling allocated to the discretion of the ~~chief executive officer~~ DIRECTOR pursuant to section 35-902, subsection B, shall be pooled and are subject to allocation among requests on a first come, first served basis.

B. Obtaining and issuing confirmations on or after April 1 through 5:00 p.m. December 16 shall occur as provided in section 35-904, subject to the following restrictions and changes:

1. Requests may be filed on or after April 1 of each year.

2. A confirmation issued on or after April 1 through 5:00 p.m. December 16 expires and no issuer is deemed to have been allocated any portion of the state ceiling unless the issuer's bonds have been issued or a qualified mortgage credit certificate program has been established and a certificate of closing has been actually filed, and not merely postmarked, with the authority no later than ninety days after the date of the confirmation or the first business day after the ninetieth day if the ninetieth day is not a business day, or before 5:00 p.m. December 16, whichever occurs first. The confirmation may be extended as provided in section 35-910.

3. Before the ~~chief executive officer~~ DIRECTOR issues the confirmation, the authority must receive a security deposit in the amount of one percent of the principal amount stated in the request. The security deposit is forfeited to the authority if the bonds are not issued before the expiration of the confirmation or any extension. The security deposit shall not be required pursuant to this paragraph if the direct beneficiary of the bond proceeds is this state or a county, city, town or nonprofit entity, the issuer is a student loan corporation or the project will include urban development action grant or housing development grant financing, is a qualified mortgage revenue bond or is a qualified mortgage credit certificate program.

Sec. 27. Section 35-907, Arizona Revised Statutes, is amended to read:

35-907. Allocations after 5:00 p.m. December 16

A. Any portions of the state ceiling for which bonds have not been issued by 5:00 p.m. December 16, other than confirmations extended pursuant to section 35-910, shall be pooled and are subject to allocation by the chief executive officer to projects eligible for a carry-forward allocation under the code.

B. Obtaining and issuing a confirmation after 5:00 p.m. December 16 shall occur as provided in section 35-904, subject to the following restrictions and changes:

1. A notice of intent shall be filed on or before December 15 with the authority by any issuer, bond counsel or other interested person, with respect to projects for which allocations may be carried forward pursuant to section 146 of the code. Such notice of intent shall be considered and confirmations shall be issued by the chief executive officer to the issuers on December 17. Any portions of the state ceiling for which bonds have not been issued or for which a qualified mortgage credit certificate program has not been established by 5:00 p.m. December 26 shall be allocated by the chief executive officer and confirmations shall be issued to such issuers before January 1. Issuers shall not file elections with the federal government under section 146 of the code until an allocation has been issued by the authority under this section for the bonds pertaining to a project. The failure to file a notice of intent results in the exclusion of the project from

allocations to issuers of any portion of the current calendar year state ceiling.

2. A security deposit equal to one ~~per cent~~ PERCENT of the principal amount stated in the notice of intent shall be received by the authority within five days after notification by the chief executive officer that the project is eligible for a carry-forward allocation. No security deposit is required if the direct beneficiary of the bonds proceeds is this state or a county, city, town or nonprofit entity, the issuer is a student loan corporation, the project includes urban development action grant or housing development grant financing, is a project described in section 1317(3)(N) of the tax reform act of 1986 or is a qualified mortgage revenue bond project or is a qualified mortgage credit certificate program or the confirmation is issued by the chief executive officer on or after December 26. The security deposit is forfeited to the authority if bonds are not issued within three years ~~of~~ AFTER the receipt of the deposit. FOR BONDS THAT ARE ISSUED FROM AND AFTER DECEMBER 31, 2015, ANY SECURITY DEPOSIT MADE IN RELATION TO THE PROJECT FOR WHICH THE BONDS ARE ISSUED SHALL BE REFUNDED IF THE BONDS ARE ISSUED WITHIN THREE YEARS AFTER THE RECEIPT OF THE DEPOSIT THAT IS REQUIRED UNDER THIS PARAGRAPH, WHETHER OR NOT CARRY-FORWARD ALLOCATION IS USED.

Sec. 28. Section 35-907, Arizona Revised Statutes, as amended by section 27 of this act, is amended effective from and after December 31, 2016, to read:

35-907. Allocations after 5:00 p.m. December 16

A. Any portions of the state ceiling for which bonds have not been issued by 5:00 p.m. December 16, other than confirmations extended pursuant to section 35-910, shall be pooled and are subject to allocation by the ~~chief executive officer~~ DIRECTOR to projects eligible for a carry-forward allocation under the code.

B. Obtaining and issuing a confirmation after 5:00 p.m. December 16 shall occur as provided in section 35-904, subject to the following restrictions and changes:

1. A notice of intent shall be filed on or before December 15 with the authority by any issuer, bond counsel or other interested person, with respect to projects for which allocations may be carried forward pursuant to section 146 of the code. Such notice of intent shall be considered and confirmations shall be issued by the ~~chief executive officer~~ DIRECTOR to the issuers on December 17. Any portions of the state ceiling for which bonds have not been issued or for which a qualified mortgage credit certificate program has not been established by 5:00 p.m. December 26 shall be allocated by the ~~chief executive officer~~ DIRECTOR and confirmations shall be issued to such issuers before January 1. Issuers shall not file elections with the federal government under section 146 of the code until an allocation has been issued by the authority under this section for the bonds pertaining to a project. The failure to file a notice of intent results in the exclusion of

the project from allocations to issuers of any portion of the current calendar year state ceiling.

2. A security deposit equal to one percent of the principal amount stated in the notice of intent shall be received by the authority within five days after notification by the ~~chief executive officer~~ DIRECTOR that the project is eligible for a carry-forward allocation. No security deposit is required if the direct beneficiary of the bonds proceeds is this state or a county, city, town or nonprofit entity, the issuer is a student loan corporation, the project includes urban development action grant or housing development grant financing, is a project described in section 1317(3)(N) of the tax reform act of 1986 or is a qualified mortgage revenue bond project or is a qualified mortgage credit certificate program or the confirmation is issued by the ~~chief executive officer~~ DIRECTOR on or after December 26. The security deposit is forfeited to the authority if bonds are not issued within three years after the receipt of the deposit. For bonds that are issued from and after December 31, 2015, any security deposit made in relation to the project for which the bonds are issued shall be refunded if the bonds are issued within three years after the receipt of the deposit that is required under this paragraph, whether or not carry-forward allocation is used.

Sec. 29. Section 35-908, Arizona Revised Statutes, is amended to read:

35-908. Principal amount of bonds issued less than confirmation; fee

A confirmation is effective as to bonds or mortgage credit certificates issued in lesser amounts than the principal amount set forth in the confirmation, but for bonds issued after 5:00 p.m. ~~August~~ JUNE 1, if the principal amount of bonds issued is less than the principal amount set forth in the confirmation, a fee of one ~~per cent~~ PERCENT of the difference between the confirmation and the principal amount of the bonds shall be paid to the authority on filing the certificate of closing unless the direct beneficiary of the bond proceeds is this state or a county, city, town or nonprofit entity, the issuer is a student loan corporation or the project includes urban development action grant or housing development grant financing, is a project described in section 1317(3)(N) of the tax reform act of 1986, is a qualified mortgage revenue bond or is a qualified mortgage credit certificate program. The failure to make such payment within ten days ~~of~~ AFTER the filing shall result in a retroactive cancellation of the allocation and the barring of the direct private obligor from any future allocations.

Sec. 30. Section 35-913, Arizona Revised Statutes, is amended effective from and after December 31, 2016, to read:

35-913. Special allocations for mortgage revenue bonds and mortgage credit certificates; definitions

A. This section governs allocations of the state ceiling made by the ~~chief executive officer~~ DIRECTOR pursuant to section 35-902, subsection C.

B. If the portion of a corporation's allocation computed pursuant to subsection C of this section is less than ten million dollars, the ~~chief~~

~~executive officer~~ DIRECTOR shall first award ten million dollars of the state allocation to that corporation. Thereafter, the ~~chief executive officer~~ DIRECTOR shall award the remaining state allocation in the same proportion that the population of each of the remaining corporations' jurisdictions bears to the population of this state according to the census, minus the population of the corporations receiving a ten million dollar allocation pursuant to this subsection.

C. Each corporation that is described in section 35-706, subsection E and that submits a request for allocation pursuant to section 35-902, subsection C shall receive a portion of the allocation made by the ~~chief executive officer~~ DIRECTOR in the same proportion that the population of that corporation's jurisdiction bears to the population of this state, according to the census but in no event less than ten million dollars.

D. At any time before submitting a formal request for allocation, but no later than January 31, a corporation described in section 35-706, subsection E may submit to the director ~~of the Arizona department of housing~~ an allocation reservation for an amount not to exceed that portion of the allocation to which the corporation is entitled pursuant to this subsection. The allocation reservation may include an offer to use additional allocation amounts described in subsection E of this section for rural areas. On or before January 31, the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority may submit to the director an allocation reservation for the amounts described in subsection E of this section for rural areas. The allocation reservation does not constitute a formal request for allocation and does not obligate the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority or a corporation to submit a request for allocation.

E. The director ~~of the Arizona department of housing~~ shall require that one or more qualified mortgage revenue bond or qualified mortgage credit certificate programs benefit the residents of rural areas. Between February 1 and March 1, an allocation of the unreserved portion of the state ceiling under section 35-902, subsection C shall be made by the director for this purpose. The recipient of this allocation shall be the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority, or the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority and one or more corporations, or one or more corporations that have executed a cooperative agreement and that have jointly submitted an allocation reservation pursuant to subsection C of this section. The director shall determine the recipient of the allocation described in this subsection by March 1 from the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority or one or more of those corporations that have offered to use the allocation described in this subsection in an allocation reservation submitted before February 1. If neither the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority nor any corporation offers an allocation reservation to use this allocation before February 1 the director shall select the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority or a corporation for that purpose.

F. If the director ~~of the Arizona department of housing~~ selects the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority, or the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority and one or more corporations or one or more corporations to serve rural areas, the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority, the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority and one or more corporations or the corporation or corporations shall receive confirmation of the allocation described in subsection E of this section before March 1. Mortgage credit certificates or the proceeds of qualified mortgage revenue bonds made available through the portion of the state ceiling allocated pursuant to subsection E of this section shall be reserved for at least a ~~one hundred eighty day~~ ONE-HUNDRED-EIGHTY-DAY period exclusively for the financing of single family dwelling units in rural areas. The director may extend the ~~one hundred eighty day~~ ONE-HUNDRED-EIGHTY-DAY period at the time of allocation or a later time based on market conditions. The director at any time may modify any extension based on market conditions at the time. After the ~~one hundred eighty day~~ ONE-HUNDRED-EIGHTY-DAY period or any extension, whichever is later, the director may allocate any reservation that has not been used for use within the jurisdiction of any corporation that is described in section 35-706, subsection E and that gives its consent.

G. The validity of a confirmation for qualified mortgage revenue bonds or a qualified mortgage credit certificate program to benefit residents of part of the state shall not be affected by reason of qualified mortgage revenue bonds or a qualified mortgage credit certificate program receiving a confirmation to benefit residents of another part of the state not being issued.

H. Except as provided in subsections F and G of this section, a corporation shall not exercise the powers granted under section 35-706, subsection A, paragraphs 11, 12 and 13 outside of its own jurisdiction.

I. At the time a confirmation is issued the director ~~of the Arizona department of housing~~ shall determine in writing the allocation amounts in the manner described in this section. In determining the recipient or recipients for the allocation described in subsection E of this section, the director may consider the effectiveness of alternative program structures in rural areas. No action may be brought questioning the accuracy of any determination made by the director pursuant to this section without a finding of the director's bad faith or wilful misconduct.

J. Confirmations of the state ceiling under section 35-902, subsection C may be applied toward a qualified mortgage revenue bond program or qualified mortgage credit certificate program in any combination deemed appropriate by the issuing corporation with the approval of its governing body or by the board of the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority for a program for rural areas established by the Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority.

K. Denial of approval of the use of qualified mortgage revenue bond proceeds or qualified mortgage credit certificates in a city or town pursuant to section 35-706 or subsection L of this section does not affect the validity of the allocation or affect the amount of state allocation that is allocated for that purpose.

L. The Arizona ~~housing finance~~ INDUSTRIAL DEVELOPMENT authority may not permit proceeds of bonds or a qualified mortgage credit certificate program in rural areas to be used to finance projects that are owner-occupied single family dwelling units within the corporate limits of an incorporated city or town, the unincorporated area of a county or a reservation for an Indian tribe, unless the governing body of the city, town, county or tribe has approved the general location and character of the residences to be financed. Before the issuance of bonds or mortgage credit certificates for that purpose, the authority shall give written notice to the governing body of each city, town, county or tribal reservation in which it intends to permit proceeds of an issue of bonds or mortgage credit certificates to be used to finance projects that are owner-occupied single family dwelling units and of the general location and character of the residences that may be financed. The governing body of the city, town, county or tribe is deemed to have given its approval unless it denies approval by formal action of the governing body within twenty-one days after receiving the written notice from the authority. Approvals given or deemed to have been given with respect to use of proceeds of an issue of bonds or mortgage credit certificates under this subsection may not be withdrawn. Denials may be withdrawn by the governing body of a city, town, county or tribe and approval may be given after a denial is withdrawn if the authority approves the withdrawal of the denial.

M. For the purposes of this section:

1. "Census" means the most recent United States decennial census or the special census conducted in accordance with section 42-5033 if it is more recent than the most recent United States decennial census.

~~2. "Director" means the director of the Arizona department of housing.~~

~~3.~~ 2. "Population" of a corporation's jurisdiction means population according to the census. The population of a corporation formed on behalf of a county equals the population of the county minus the population of any other corporation that is within the county, that is described in section 35-706, subsection E and that submits a request for allocation pursuant to section 35-902, subsection C.

~~4.~~ 3. "Rural areas" means all of the area of this state that is not located within the jurisdiction of a corporation described in section 35-706, subsection E.

Sec. 31. Delayed repeal

Title 36, chapter 4.2, Arizona Revised Statutes, is repealed from and after December 31, 2016.

Sec. 32. Section 37-1015, Arizona Revised Statutes, is amended to read:

37-1015. Environmental special plate fund; distribution

A. An environmental special plate fund is established and is administered by the commissioner consisting of monies received pursuant to section 28-2413.

B. Subject to legislative appropriation, the department shall distribute five thousand dollars annually to each natural resource conservation district with an established education center for the purpose of developing and implementing an environmental education program that is conducted in a balanced manner, that is based on current scientific information and that includes a discussion of economic and social implications.

~~C. Subject to legislative appropriation, the department shall distribute grants as directed pursuant to section 41-2252.~~

~~D.~~ C. The fund established in this section is exempt from the provisions of section 35-190 relating to lapsing of appropriations. On notice from the commissioner, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund.

~~E.~~ D. The appropriated monies shall only be used for the designated purposes specified in statute.

Sec. 33. Section 41-1052, Arizona Revised Statutes, is amended to read:

41-1052. Council review and approval

A. Before filing a final rule subject to this section with the secretary of state, an agency shall prepare, transmit to the council and the committee and obtain the council's approval of the rule and its preamble and economic, small business and consumer impact statement that meets the requirements of section 41-1055. The ~~governor's office of strategic planning and budgeting~~ OFFICE OF ECONOMIC OPPORTUNITY shall prepare the economic, small business and consumer impact statement ~~if the legislature appropriates monies for this purpose~~.

B. The council shall accept an early review petition of a proposed rule, in whole or in part, if the proposed rule is alleged to violate any of the criteria prescribed in subsection D of this section and if the early petition is filed by a person who would be adversely impacted by the proposed rule. The council may determine whether the proposed rule, in whole or in part, violates any of the criteria prescribed in subsection D of this section.

C. Within one hundred twenty days ~~of~~ AFTER receipt of the rule, preamble and economic, small business and consumer impact statement, the council shall review and approve or return, in whole or in part, the rule, preamble or economic, small business and consumer impact statement. An agency may resubmit a rule, preamble or economic, small business and consumer

impact statement if the council returns the rule, economic, small business and consumer impact statement or preamble, in whole or in part, to the agency.

D. The council shall not approve the rule unless:

1. The economic, small business and consumer impact statement contains information from the state, data and analysis prescribed by this article.

2. The economic, small business and consumer impact statement is generally accurate.

3. The probable benefits of the rule outweigh within this state the probable costs of the rule and the agency has demonstrated that it has selected the alternative that imposes the least burden and costs to persons regulated by the rule, including paperwork and other compliance costs, necessary to achieve the underlying regulatory objective.

4. The rule is written in a manner that is clear, concise and understandable to the general public.

5. The rule is not illegal, inconsistent with legislative intent or beyond the agency's statutory authority.

6. The agency adequately addressed, in writing, the comments on the proposed rule and any supplemental proposals.

7. The rule is not a substantial change, considered as a whole, from the proposed rule and any supplemental notices.

8. The preamble discloses a reference to any study relevant to the rule that the agency reviewed and either did or did not rely on in the agency's evaluation of or justification for the rule.

9. The rule is not more stringent than a corresponding federal law unless there is statutory authority to exceed the requirements of that federal law.

10. If a rule requires a permit, the permitting requirement complies with section 41-1037.

E. The council shall verify that a rule with new fees does not violate section 41-1008. The council shall not approve a rule that contains a fee increase unless two-thirds of the voting quorum present vote to approve the rule.

F. The council shall verify that a rule with an immediate effective date complies with section 41-1032. The council shall not approve a rule with an immediate effective date unless two-thirds of the voting quorum present vote to approve the rule.

G. If the rule relies on scientific principles or methods, including a study disclosed pursuant to subsection D, paragraph 8 of this section, and a person submits an analysis to the council questioning whether the rule is based on valid scientific or reliable principles or methods, the council shall not approve the rule unless the council determines that the rule is based on valid scientific or reliable principles or methods that are specific and not of a general nature. In making a determination of reliability or

validity, the council shall consider the following factors as applicable to the rule:

~~(a)~~ 1. The authors of the study, principle or method have subject matter knowledge, skill, experience, training and expertise.

~~(b)~~ 2. The study, principle or method is based on sufficient facts or data.

~~(c)~~ 3. The study is the product of reliable principles and methods.

~~(d)~~ 4. The study and its conclusions, principles or methods have been tested or subjected to peer reviewed publications.

~~(e)~~ 5. The known or potential error rate of the study, principle or method has been identified along with its basis.

~~(f)~~ 6. The methodology and approach of the study, principle or method are generally accepted in the scientific community.

H. The council may require a representative of an agency whose rule is under examination to attend a council meeting and answer questions. The council may also communicate to the agency its comments on any rule, preamble or economic, small business and consumer impact statement and require the agency to respond to its comments in writing.

I. At any time during the thirty days immediately following receipt of the rule, a person may submit written comments to the council that are within the scope of subsection D, E, F or G of this section. The council may permit testimony at a council meeting within the scope of subsection D, E, F or G of this section.

J. If the agency makes a good faith effort to comply with the requirements prescribed in this article and has explained in writing the methodology used to produce the economic, small business and consumer impact statement, the rule may not be invalidated after it is finalized on the ground that the contents of the economic, small business and consumer impact statement are insufficient or inaccurate or on the ground that the council erroneously approved the rule, except as provided by section 41-1056.01.

K. The absence of comments pursuant to subsection D, E, F or G of this section or article 4.1 of this chapter does not prevent the council from acting pursuant to this section.

L. The council shall review and approve or reject a notice of proposed expedited rule making pursuant to section 41-1027.

Sec. 34. Section 41-1502, Arizona Revised Statutes, is amended to read:

41-1502. <u>Arizona commerce authority; board of directors; conduct of office; audit</u>

A. The Arizona commerce authority is established. The mission of the authority is to provide private sector leadership in growing and diversifying the economy of this state, creating high quality employment in this state through expansion, attraction and retention of businesses and marketing this state for the purpose of expansion, attraction and retention of businesses.

B. The authority shall be governed by a board of directors consisting of:

1. The governor, who serves as chairperson.

2. The chief executive officer.

3. Seventeen private sector business leaders who are chief executive officers of private, for-profit enterprises. None of these members may be an elected official of any government entity. These members must be appointed from geographically diverse areas of this state and not all from the same county. These members shall serve staggered three-year terms of office beginning and ending on the third Monday in January. These members shall be appointed as follows:

(a) Nine members who are appointed by the governor.

(b) Four members who are appointed by the president of the senate.

(c) Four members who are appointed by the speaker of the house of representatives.

4. The following as ex officio members without the power to vote:

(a) The president of the senate.

(b) The speaker of the house of representatives.

(c) The president of the Arizona board of regents.

(d) The president of each state university under the jurisdiction of the Arizona board of regents.

(e) One president of a community college who is appointed by a statewide organization of community college presidents.

(f) The chairperson of the governor's council on small business, or its successor.

(g) The chairperson of the ~~governor's council on workforce policy~~ WORKFORCE ARIZONA COUNCIL, if established by executive order pursuant to section ~~41-1542~~ 41-5401.

(h) One member of the rural business development advisory council established by section 41-1505 who is appointed by the governor.

(i) The president of a statewide organization of incorporated cities and towns who is appointed by the governor.

(j) The president of a statewide organization of county boards of supervisors who is appointed by the governor.

C. The following shall serve as technical advisors to the board to enhance collaboration among state agencies to meet infrastructure needs and facilitate growth opportunities throughout this state:

1. The director of environmental quality.

2. The state land commissioner.

3. The director of the department of revenue.

4. The director of the office of tourism.

5. The director of the department of transportation.

6. The director of water resources.

7. The director of the department of financial institutions.

8. The director of the Arizona-Mexico commission in the governor's office.

9. THE DIRECTOR OF THE OFFICE OF ECONOMIC OPPORTUNITY.

D. The governor shall appoint a cochairperson of the board of directors from among the voting members. The board may establish an executive committee consisting of the chairperson, the cochairperson, the chief executive officer, and additional voting members of the board elected by the board. The chairperson may appoint subcommittees as necessary.

E. The board may request assistance from representatives of other state agencies to maximize economic development opportunities by leveraging their access to strategic assets and planning processes.

F. Board members serve without compensation but are eligible for reimbursement of expenses pursuant to section 41-1504, subsection E, paragraph 1.

G. A majority of the voting members, which must include the chairperson and the chief executive officer, constitute a quorum for the purpose of an official meeting for conducting business. An affirmative vote of a majority of the members present at an official meeting is sufficient for any action to be taken.

H. The board of directors shall keep and maintain a complete and accurate record of all of its proceedings. Public access to the board's records is subject to section 41-1504, subsection L.

I. The board of directors, executive committee, subcommittees and advisory councils are subject to title 38, chapter 3, article 3.1, relating to public meetings, except as follows:

1. In addition to section 38-431.03, the board of directors, executive committee and subcommittees may meet in executive session for discussion about potential business development opportunities and strategies, which, if made public, could potentially harm the applicant's, the potential applicant's or this state's competitive position.

2. Social and travel events related to the expansion, attraction and retention of businesses are not public meetings if no legal action involving a final vote or decision is taken.

3. Activities and events held in public for the purpose of announcing the expansion, attraction and retention of projects are not public meetings.

J. The board of directors and the officers and employees of the authority are subject to title 38, chapter 3, article 8, relating to conflicts of interest.

K. The board of directors shall adopt written policies, procedures and guidelines for standards of conduct, including a gift policy, for members of the board and for officers and employees of the authority.

L. The authority shall operate on the state fiscal year. The board of directors shall cause an annual audit to be conducted on or before October 31 of each of the authority's public funds established by this chapter by an independent certified public accountant. The board shall immediately file a

certified copy of the audit with the auditor general. The auditor general may make such further audits and examinations as necessary and may take appropriate action relating to the audit or examination pursuant to chapter 7, article 10.1 of this title. If the auditor general takes no further action within thirty days after the audit is filed, the audit is considered to be sufficient.

M. All state agencies shall cooperate with the authority and make available data pertaining to the functions of the authority as requested by the authority.

Sec. 35. Section 41-1504, Arizona Revised Statutes, is amended to read:

41-1504. Powers and duties; e-verify requirement

A. The board of directors, on behalf of the authority, may:

1. Adopt and use a corporate seal.

2. Sue and be sued.

3. Enter into contracts as necessary to carry out the purposes and requirements of this chapter, including intergovernmental agreements pursuant to title 11, chapter 7, article 3 and interagency service agreements as provided by section 35-148.

4. Lease real property and improvements to real property for the purposes of the authority. Leases by the authority are exempt from chapter 4, article 7 of this title, relating to management of state properties.

5. Employ or retain legal counsel and other consultants as necessary to carry out the purposes of the authority.

6. Develop and use written policies, procedures and guidelines for the terms and conditions of employing officers and employees of the authority and may include background checks of appropriate personnel.

B. The board of directors, on behalf of the authority, shall:

1. Develop comprehensive long-range strategic economic plans for this state and submit the plans to the governor.

2. Annually update a strategic economic plan for submission to the governor.

3. Accept gifts, grants and loans and enter into contracts and other transactions with any federal or state agency, municipality, private organization or other source.

C. The authority shall:

1. Assess and collect fees for processing applications and administering incentives. The board shall adopt the manner of computing the amount of each fee to be assessed. Within thirty days after proposing fees for adoption, the chief executive officer shall submit a schedule of the fees for review by the joint legislative budget committee. It is the intent of the legislature that a fee shall not exceed one ~~per cent~~ PERCENT of the amount of the incentive.

2. Determine and collect registry fees for the administration of the allocation of federal tax exempt industrial development bonds and student

loan bonds authorized by the authority. Such monies collected by the authority shall be deposited, pursuant to sections 35-146 and 35-147, in an authority bond fund. Monies in the fund shall be used, subject to annual appropriation by the legislature, by the authority to administer the allocations provided in this paragraph and are exempt from the provisions of section 35-190 relating to the lapsing of appropriations.

3. Determine and collect security deposits for the allocation, for the extension of allocations and for the difference between allocations and principal amounts of federal tax exempt industrial development bonds and student loan bonds authorized by the authority. Security deposits forfeited to the authority shall be deposited in the state general fund.

4. At the direction of the board, establish and supervise the operations of full-time or part-time offices in other states and foreign countries for the purpose of expanding direct investment and export trade opportunities for businesses and industries in this state if, based on objective research, the authority determines that the effort would be beneficial to the economy of this state.

5. Establish a program by which entrepreneurs become aware of permits, licenses or other authorizations needed to establish, expand or operate in this state.

6. Be the state registration agency for apprenticeship functions prescribed by the federal government.

7. NOTWITHSTANDING ANY OTHER LAW, ON REQUEST OF THE OFFICE OF ECONOMIC OPPORTUNITY, DISCLOSE TO THE OFFICE OF ECONOMIC OPPORTUNITY APPLICANT INFORMATION FOR INCENTIVES ADMINISTERED, IN WHOLE OR IN PART, BY THE AUTHORITY. ANY CONFIDENTIALITY REQUIREMENTS PROVIDED BY LAW APPLICABLE TO THE INFORMATION DISCLOSED PURSUANT TO THIS PARAGRAPH APPLY TO THE OFFICE OF ECONOMIC OPPORTUNITY.

D. The authority, through the chief executive officer, may:

1. Contract and incur obligations reasonably necessary or desirable within the general scope of the authority's activities and operations to enable the authority to adequately perform its duties.

2. Use monies, facilities or services to provide matching contributions under federal or other programs that further the objectives and programs of the authority.

3. Accept gifts, grants, matching monies or direct payments from public or private agencies or private persons and enterprises for the conduct of programs that are consistent with the general purposes and objectives of this chapter.

4. Assess business fees for promotional services provided to businesses that export products and services from this state. The fees shall not exceed the actual costs of the services provided.

5. Establish and maintain one or more accounts in banks or other depositories, for public or private monies of the authority, from which operational activities, including payroll, vendor and grant payments, may be

conducted. Individual funds that are established by law under the jurisdiction of the authority may be maintained in separate accounts in banks or other depositories, but shall not be commingled with any other monies or funds of the authority.

E. The chief executive officer shall:

1. Hire employees and prescribe the terms and conditions of their employment as necessary to carry out the purposes of the authority. The board of directors shall adopt written policies, procedures and guidelines, similar to those adopted by the department of administration, regarding officer and employee compensation, observed holidays, leave and reimbursement of travel expenses and health and accident insurance. The officers and employees of the authority are exempt from any laws regulating state employment, including:

(a) Chapter 4, articles 5 and 6 of this title, relating to state service.

(b) Title 38, chapter 4, article 1 and chapter 5, article 2, relating to state personnel compensation, leave and retirement.

(c) Title 38, chapter 4, article 2, relating to reimbursement of state employee expenses.

(d) Title 38, chapter 4, article 4, relating to health and accident insurance.

2. On a quarterly basis, provide public record data in a manner prescribed by the department of administration related to the authority's revenues and expenditures for inclusion in the comprehensive database of receipts and expenditures of state monies pursuant to section 41-725.

F. In addition to any other requirement, in order to qualify for any grant, loan, reimbursement, tax incentive or other economic development incentive pursuant to this chapter, an applicant that is an employer must register with and participate in the e-verify program in compliance with section 23-214. The authority shall require verification of compliance with this subsection as part of any application process.

G. Notwithstanding any other law, the authority is subject to chapter 3.1, article 1 of this title, relating to risk management.

H. The authority is exempt from chapter 32, articles 1 and 2 of this title, relating to statewide information technology. The authority shall adopt policies, procedures and guidelines regarding information technology.

I. The authority is exempt from state general accounting and finance practices and rules adopted pursuant to chapter 4, article 3 of this title, but the board shall adopt written accounting practices, systems and procedures for the economic and efficient operation of the authority.

J. The authority is exempt from section 41-712, relating to the installation and maintenance of ~~telecommunications~~ TELECOMMUNICATION systems.

K. The authority may lease or purchase motor vehicles for use by employees to conduct business activities. The authority is exempt from

section 41-803, relating to the state motor vehicle fleet, and title 38, chapter 3, article 10, relating to vehicle usage and markings.

L. Any tangible or intangible record submitted to or compiled by the board or the authority in connection with its work, including the award of monies, is subject to title 39, chapter 1, unless an applicant shows, or the board or authority determines, that specific information meets either of the following:

1. If made public, the information would divulge the applicant's or potential applicant's trade secrets, as defined in section 44-401.

2. If made public, the information could potentially harm the applicant's, THE potential applicant's or this state's competitive position relating to potential business development opportunities and strategies.

M. The authority is exempt from chapter 25, article 1 of this title, relating to government competition with private enterprise.

Sec. 36. Section 41-1512, Arizona Revised Statutes, is amended to read:

41-1512. Qualified facility income tax credits; qualification; definitions

A. For taxable years beginning from and after December 31, 2012, income tax credits are allowed for expanding or locating a qualified facility in this state pursuant to sections 43-1083.03 and 43-1164.04. Only capital investments in a qualified facility that are made on or after July 1, 2012 are included in the computation of the credit.

B. To be eligible for the income tax credits, a taxpayer must apply to the authority, on a form prescribed by the authority, for preapproval of the business as qualifying for the credits. The application must include:

1. The applicant's name, address, telephone number and federal taxpayer identification number or numbers.

2. The name, address, telephone number and e-mail address of a contact person for the applicant.

3. The address of the site where the qualified facility will be located.

4. A detailed description of the qualified facility and fixed capital assets.

5. An estimate of the capital investment and number of employment positions at the qualified facility, including:

(a) A schedule of qualifying investments.

(b) A list of full-time employment positions, the estimated number of employees to be hired for the positions each year during the first five years of operation and the annual wages for each position, calculated without employee-related benefits.

6. A nonrefundable processing fee in an amount determined by the authority.

7. Other information as required by the authority to determine eligibility for the income tax credits and the amount of income tax credits, as prescribed by this section.

8. An affirmation, signed by an authorized executive representing the business, that the applicant:

(a) Agrees to furnish records of expenditures for qualifying investments to the authority on request.

(b) Will continue in business at the qualified facility for five full calendar years after postapproval for the credit, other than for reasons beyond the control of the applicant.

(c) Agrees to furnish to the authority information regarding the amount of income tax credits claimed each year.

(d) Authorizes the department of revenue to provide tax information to the authority pursuant to section 42-2003 for the purpose of determining any inconsistency in information furnished by the applicant.

(e) Agrees to allow site visits and audits to verify the applicant's continuing qualification and the accuracy of information submitted to the authority.

(f) Consents to the adjustment or recapture of any amount of income tax credit due to noncompliance with this section.

9. Letters of good standing from the department of revenue stating that the applicant is not delinquent in the payment of taxes.

C. The applicant may qualify for the income tax credits pursuant to section 43-1083.03 or 43-1164.04, as applicable, if:

1. The applicant makes new capital investment in this state after June 30, 2012 in a qualified facility that is completed in a taxable year beginning from and after December 31, 2012.

2. At least fifty-one ~~per cent~~ PERCENT of the net new full-time employment positions at the qualified facility pay a wage that equals or exceeds one hundred twenty-five ~~per cent~~ PERCENT, OR ONE HUNDRED PERCENT IN THE CASE OF A QUALIFIED FACILITY IN A RURAL LOCATION, of the median annual wage FOR PRODUCTION OCCUPATIONS in this state, as determined by the most recent annual Arizona commerce authority occupational wage and employment estimates issued before the preapproval is issued pursuant to subsection I of this section.

3. All net new full-time employment positions include health insurance coverage for the employees for which the applicant pays at least ~~eighty per cent~~ SIXTY-FIVE PERCENT of the premium or membership cost.

D. Final eligibility for an income tax credit is subject to any additional requirements prescribed by section 43-1083.03 or 43-1164.04, as applicable.

E. An applicant may separately apply and qualify with respect to investments for separate expansions of a qualified facility.

F. The amount of the income tax credit to be preapproved by the authority to a qualifying applicant is ten ~~per cent~~ PERCENT of the lesser of:

1. The amount the applicant has projected in total qualifying investment in the qualified facility.

2. Two hundred thousand dollars for each net new full-time employment position projected by the applicant at a qualified facility.

G. Beginning with income tax credits allocated for 2013, an approved credit:

1. Must be claimed on a timely filed original income tax return, including extensions.

2. Must be claimed in five equal installments as provided by section 43-1083.03 or 43-1164.04.

H. The authority shall establish a process for qualifying and preapproving applicants for the income tax credits. The authority shall not preapprove applicants as qualifying for credits under this section for any taxable year beginning from and after December 31, ~~2019~~ 2022. Preapproval is based on:

1. Priority placement established by the date that the applicant files its initial application with the authority.

2. The availability of income tax credit capacity under the dollar limit prescribed by section 41-1511, subsection J.

I. Within thirty days after receiving a complete and correct application, the authority shall review the application to determine whether the applicant satisfies all of the criteria prescribed by this section and either preapprove the project as qualifying for the purposes of an income tax credit or provide reasons for its denial. The authority shall send copies of each preapproval to the department of revenue.

J. The authority shall not preapprove income tax credits under this section and section 41-1511 that combined would exceed the limits prescribed by section 41-1511, subsection J. A preapproved amount applies against the dollar limit for the year in which the application was submitted regardless of whether the initial preapproval period extends into the following year or years. A business shall not be preapproved for credits under both this section and section 41-1511 for the same capital investment. The authority shall not preapprove income tax credits under this section for any taxpayer in excess of thirty million dollars in any calendar year.

K. The authority shall reallocate the amount of income tax credits that are voluntarily relinquished under subsection L of this section, that lapse under subsection M of this section or that lapse under subsection P of this section. The reallocation shall be to other businesses that applied under this section or section 41-1511 in the original credit year based on priority placement. Once reallocated, the amount of the credit applies against the dollar limit of the original credit year regardless of the year in which the reallocation occurs.

L. A taxpayer may voluntarily relinquish unused credit amounts in writing to the authority.

M. Preapproval under this section lapses, the application is void and the amount of the preapproved income tax credits does not apply against the dollar limit prescribed by section 41-1511, subsection J if, within twelve months after preapproval, the business fails to provide to the authority documentation of its expenditure of two hundred fifty thousand dollars in qualifying investment or, if the period over which the qualifying investment will be made exceeds twelve months, documentation of additional expenditures as required in this subsection for each twelve-month period.

N. After October 31 of each year, if the authority has preapproved the maximum calendar year income tax credit amount pursuant to section 41-1511, subsection J, the authority may accept initial applications for the next calendar year, but the preapproval of any application pursuant to this subsection shall not be effective before the first business day of the following calendar year.

O. Before an applicant applies for postapproval under subsection P of this section, the applicant must enter into a written managed review agreement with the chief executive officer of the authority that establishes the requirements of a managed review to be conducted under this subsection at the applicant's expense. The managed review must be conducted by a certified public accountant who is selected by the applicant, who is licensed in this state and who is approved by the chief executive officer. The certified public accountant and the firm the certified public accountant is affiliated with shall not regularly perform services for the applicant or its affiliates. The managed review shall include an analysis of the applicant's invoices, checks, accounting records and other documents and information to verify its base investment and other requirements prescribed by section 43-1083.03 or 43-1164.04 to confirm the amount of credit. The certified public accountant shall furnish written findings of the managed review to the chief executive officer. The chief executive officer shall review the findings and may examine records and perform other reviews that the chief executive officer considers necessary to verify that the managed review substantially conforms to the terms of the managed review agreement. The chief executive officer shall accept or reject the findings of the managed review. If the chief executive officer rejects all or part of the managed review, the chief executive officer shall provide written reasons for the rejection.

P. When the qualified facility begins operations, a business that was preapproved for income tax credits under this section shall apply to the authority in writing for postapproval of the credits and submit documentation certifying the total amount and dates of the qualifying investments and identifying the fixed capital assets associated with the qualified facility incurred after June 30, 2012 through the date of application for postapproval. For taxable years beginning from and after December 31, 2012, the authority shall provide postapproval to a business that has met the eligibility requirements of this section and shall notify the department of

revenue that the business may claim an income tax credit pursuant to section 43-1083.03 or 43-1164.04. If the amount of qualifying investment actually spent is less than the amount preapproved for income tax credits, the preapproved amount not incurred lapses and does not apply against the dollar limit prescribed by section 41-1511, subsection J for that year. The department of revenue shall not allow an income tax credit under section 43-1083.03 or 43-1164.04 that exceeds the amount of the postapproval for the project under this subsection. For the purposes of this subsection, "begins operations" means the qualified facility opens for public business.

Q. The authority may rescind an applicant's postapproval if the business no longer meets the terms and conditions required for qualifying for the credit. The authority may give special consideration, or allow temporary exemption from recapture of the credit, in the case of extraordinary hardship due to factors beyond the control of the qualifying business.

R. If the authority rescinds an applicant's preapproval or postapproval under subsection Q of this section, it shall notify the department of revenue of the action and the conditions of noncompliance. If the department of revenue obtains information indicating a possible failure to qualify and comply, it shall provide that information to the authority. The department of revenue may require the business to file appropriate amended tax returns reflecting any recapture of the credit under section 43-1083.03 or 43-1164.04.

S. Preapproval and postapproval of an applicant for the purposes of income tax credits under this section do not constitute or imply compliance with any other provision of law or any regulatory rule, order, procedure, permit or other measure required by law. To maintain qualification for a credit under this section, a business must separately comply with all environmental, employment and other regulatory measures.

T. For five years after postapproval of an income tax credit under this section, in any action involving the liquidation of the business assets or relocation out of state, this state claims the position of a secured creditor of the business in the amount of the credit the business received pursuant to section 43-1083.03 or 43-1164.04. The transfer of part or all of a company's assets that are then leased back by the company is not considered a liquidation under this section.

U. Any information gathered from a business for the purposes of this section is considered to be confidential taxpayer information and shall be disclosed only as provided in section 42-2003, subsection B, paragraph 12, except that the authority shall publish the following information in its annual report:

1. The name of each business and the amount of income tax credits preapproved for each qualifying investment.

2. The amount of income tax credits postapproved with respect to each qualifying investment.

V. The authority shall:

1. Keep annual records of the information provided on applications for qualified facilities. These records shall reflect a percentage comparison of the annual amount of monies credited to qualified facilities to the estimated amount of monies spent in this state in the form of qualifying investments.

2. Maintain annual data on growth in this state of qualified facilities and related employment and wages.

3. Not later than April 30 following each calendar year, prepare and publish a report summarizing the information collected pursuant to this subsection. The authority shall make copies of the annual report available to the public on request.

W. The authority shall adopt rules and prescribe forms and procedures as necessary for the purposes of this section. The authority and the department of revenue shall collaborate in adopting rules as necessary to avoid duplication and inconsistencies while accomplishing the intent and purposes of this section.

X. For the purposes of this section:

1. "Capital investment" means an expenditure to acquire, lease or improve property that is used in operating a business, including land, buildings, machinery, equipment and fixtures.

2. "Facility" means a single parcel or contiguous parcels of owned or leased land in this state, the structures and personal property contained on the land or any part of the structures occupied by the owner. Parcels that are separated only by a public thoroughfare or right-of-way are considered to be contiguous.

3. "Headquarters" means a principal central administrative office where primary headquarters related functions and services are performed, including financial, personnel, administrative, legal, planning and similar business functions.

4. "Manufacturing" means fabricating, producing or manufacturing raw or prepared materials into usable products, imparting new forms, qualities, properties and combinations. Manufacturing does not include generating electricity.

5. "Qualified facility" means a facility in this state that devotes at least eighty ~~per cent~~ PERCENT of the property and payroll at the facility to one or more of the following:

(a) Qualified manufacturing.

(b) Qualified headquarters.

(c) Qualified research.

6. "Qualified headquarters" means a global, national or regional headquarters for a taxpayer that is involved in manufacturing and that derives at least sixty-five ~~per cent~~ PERCENT of its revenue from out-of-state sales.

7. "Qualified manufacturing" means manufacturing tangible products in this state if at least sixty-five ~~per cent~~ PERCENT of the product will be sold out-of-state.

8. "Qualified research" has the same meaning prescribed by section 41(d) of the internal revenue code, as defined by section 43-105, except that the research must be conducted by a taxpayer involved in manufacturing that derives at least sixty-five ~~per cent~~ PERCENT of its revenue from out-of-state sales.

9. "Qualifying investment" means investment in land, buildings, machinery, equipment and fixtures for expansion of an existing qualified facility or establishment of a new qualified facility in this state after June 30, 2012 for a facility completed in a taxable year beginning from and after December 31, 2012. IF THE QUALIFIED FACILITY IS A BUILD-TO-SUIT FACILITY LEASED TO THE TAXPAYER, QUALIFYING INVESTMENT INCLUDES THE COSTS PRESCRIBED IN THIS PARAGRAPH THAT ARE SPENT BY THE THIRD-PARTY DEVELOPER WITH RESPECT TO THE QUALIFIED FACILITY. Qualifying investment does not include relocating an existing qualified facility in this state to another location in this state without additional capital investment of at least two hundred fifty thousand dollars.

10. "RURAL LOCATION" MEANS A LOCATION THAT IS WITHIN THE BOUNDARIES OF TRIBAL LANDS OR A CITY OR TOWN WITH A POPULATION OF LESS THAN FIFTY THOUSAND PERSONS OR A COUNTY WITH A POPULATION OF LESS THAN EIGHT HUNDRED THOUSAND PERSONS.

Sec. 37. Section 41-1543, Arizona Revised Statutes, is amended to read:

41-1543. Application criteria

The chief executive officer pursuant to the guidelines established by the ~~governor's council on workforce policy~~ WORKFORCE ARIZONA COUNCIL shall consider the following before any award of monies pursuant to this article:

1. The training cost per employee.

2. The ability to leverage other job training resources.

3. The quality of jobs resulting from the training proposal, including a requirement that a business receiving monies pursuant to this article pay compensation at least equal to the qualifying wage rate per county that is prescribed for the year in which the award is considered.

4. The use of the local labor force, dislocated workers, the chronically unemployed and other special populations, including persons with disabilities and veterans.

5. The location or expansion of the business in rural or economically depressed areas.

6. The diversity provided to the economy and the promotion of existing and expanding businesses and businesses undergoing economic conversion.

7. The number of jobs resulting from the training proposal.

8. The ability to expand cluster industries. For purposes of this paragraph, "cluster industries" means concentrations of firms across several industries that share common economic foundation needs.

9. The extent to which the benefit package including health insurance reflects the needs of the employees.

Sec. 38. Section 41-1544, Arizona Revised Statutes, is amended to read:

41-1544. Arizona job training fund; definitions

A. The Arizona job training fund is established consisting of legislative appropriations, gifts, grants and other monies. The authority shall administer the fund. On notice from the chief executive officer, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund.

B. The chief executive officer may accept and expend federal monies and private grants, gifts and contributions to assist in carrying out the purposes of this article. All monies for the program shall be expended only for the costs related to training. Monies in the Arizona job training fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

C. The Arizona job training fund monies shall be spent on approval of the authority at the direction of the chief executive officer in accordance with the guidelines and procedures adopted by the ~~governor's council on workforce policy~~ WORKFORCE ARIZONA COUNCIL.

D. A minimum of twenty-five percent of the monies appropriated to the Arizona job training fund shall be used to provide training to small businesses employing fewer than one hundred employees.

E. A minimum of twenty-five percent of the monies appropriated to the Arizona job training fund shall be used to provide training to businesses located in rural areas of the state.

F. If a business receives monies for training from the Arizona job training fund and the business employs fewer than one hundred employees and is located in a rural area of this state, the business shall be included in the minimum percentages prescribed in subsections D and E of this section.

G. No more than fifty percent of the monies in the Arizona job training fund shall be used to provide incumbent worker training.

H. A single grant awarded pursuant to this article shall not be more than ten percent of the estimated annual total of monies deposited in the Arizona job training fund.

I. The authority shall not approve grant monies for reimbursement of the following employer costs:

1. Fringe benefits, food and beverages, recruitment and signing bonuses for trainees and trainers.

2. Employer costs to complete a program application.

3. Except for small businesses, training expenses for partners or corporate officers.

4. Employee relocation expenses.

5. Training or course development costs that are not part of the employer's approved training plan.

6. Costs for assessing the training needs of employees.

7. Drug or other testing costs for employee screening or prescreening purposes.

8. Costs for trade shows and conferences or seminars that do not result in a skill certificate that is earned by an employee.

9. Other costs prohibited by rule.

J. For the purposes of this section:

1. "Rural area" means either:

(a) A county with a population of less than seven hundred fifty thousand persons ~~according to the most recent United States decennial census~~.

(b) A census county division with less than fifty thousand persons in a county with a population of seven hundred fifty thousand or more persons ~~according to the most recent United States decennial census~~.

2. "Small business" means a concern, including its affiliates, that employs fewer than one hundred employees.

Sec. 39. Section 41-1545.02, Arizona Revised Statutes, is amended to read:

41-1545.02. Grants from the Arizona competes fund

A. The chief executive officer may negotiate the award of monies from the Arizona competes fund. The monies shall be paid, by grant, for the purposes of:

1. Attracting, expanding or retaining Arizona basic enterprises that meet the requirements prescribed by subsection B OF THIS SECTION, that achieve the performance and qualification targets developed under subsection C OF THIS SECTION and that enter into an agreement with the chief executive officer as provided by subsection C OF THIS SECTION. In awarding monies pursuant to this paragraph, the chief executive officer shall give preference to job training and infrastructure activities that create private sector jobs.

2. Supporting and advancing programs and projects for rural businesses, small businesses and business development that enhance economic development.

B. To be eligible to receive a deal closing grant under subsection A, paragraph 1 OF THIS SECTION, an applicant must:

1. Be in good standing under the laws of the state in which the applicant was formed or organized, as evidenced by a certificate issued by the secretary of state or other state official having custody of the records pertaining to entities or other organizations formed under the laws of that state.

2. Owe no delinquent taxes to a taxing jurisdiction in this state.

3. Qualify as an Arizona basic industry.

4. Pay compensation that exceeds, on average, one hundred ~~per cent~~ PERCENT of the median wage by county as determined annually by the authority.

5. Include health insurance for employees for which the applicant pays at least sixty-five ~~per cent~~ PERCENT of the premium or membership cost.

6. Demonstrate by analysis by an independent third party that estimated income, property and transaction privilege tax and government fee revenues in this state will exceed state incentives.

C. Before awarding a grant from the fund under this section, the chief executive officer must enter into a written agreement with the applicant specifying that:

1. A reasonable percentage of the total amount of the grant may be withheld until the recipient meets specified performance targets.

2. If the chief executive officer finds that the grant recipient has not met each of the performance targets specified in the agreement as of a date stated in the agreement:

(a) The recipient must repay the grant and any related interest to this state at an agreed rate and on agreed terms. The repayment may be prorated to reflect partial attainment of performance targets.

(b) The chief executive officer shall not disburse any remaining grant money to the recipient under the agreement.

(c) The chief executive officer may assess specified penalties against the recipient for noncompliance.

3. If any part of the grant is used to build a capital improvement, this state may:

(a) Retain a lien or other security interest in the improvement in proportion to the percentage of the grant amount used to pay for the improvement.

(b) Require the recipient, if the improvement is sold, to:

(i) Repay to this state the grant monies used to pay for the improvement, with interest at a rate and according to terms stated in the agreement.

(ii) Share with this state a proportionate amount of any profit realized from the sale.

D. The chief executive officer must determine:

1. The performance targets and dates required to be included in each grant agreement.

2. If the grant agreement includes withholding a percentage of the grant until the recipient meets the performance targets, the percentage of the grant money to be withheld.

E. Before awarding a grant from the fund under this section, the authority must prepare a written statement, signed by the chief executive officer, that, specifically and in detail, assesses the direct economic impact of the grant. The statement must:

1. Include a finding that the enterprise is clearly in the best interests of this state.

2. Set forth the evidence and reasons supporting this finding, including:

(a) The estimated annual tax revenue accruing to this state and its political subdivisions as a direct or indirect result of the enterprise.

(b) The public benefit of the enterprise from the employment base, including the estimated number and the median wage of jobs to be created in this state by the potential recipient each year.

(c) The extent to which the economic development from the enterprise will raise the standard of living of affected persons, increases free enterprise growth and increases the quality of life in this state.

(d) The ratio of economic benefit from wages paid and capital investment made by the enterprise to the amount of the grant.

(e) The contribution from the enterprise to the growth of existing businesses and creation of new businesses and business clusters.

(f) Whether the enterprise will provide its employees with benefits such as retirement, child care, educational reimbursements and training.

(g) The percentage of the products or services the enterprise will export outside of this state over the first five years of operation.

(h) Any other information the chief executive officer considers to be necessary for inclusion in the statement.

F. BEGINNING FROM AND AFTER JUNE 30, 2017, ON THE LAST DAY OF EACH FISCAL YEAR, THIRTY PERCENT OF THE MONIES APPROPRIATED TO THE FUND IN THE FISCAL YEAR, MINUS THE AMOUNT OF GRANTS AWARDED IN THE FISCAL YEAR FOR THE PURPOSES PRESCRIBED IN SUBSECTION A, PARAGRAPH 2 OF THIS SECTION, NOT TO EXCEED THE UNENCUMBERED MONIES IN THE FUND ON THE LAST DAY OF THE FISCAL YEAR, ARE RESERVED FOR GRANTS FOR THE PURPOSES PRESCRIBED IN SUBSECTION A, PARAGRAPH 2 OF THIS SECTION.

G. IN ADDITION TO THE MONIES RESERVED PURSUANT TO SUBSECTION F OF THIS SECTION, AT LEAST TWENTY-FIVE PERCENT OF THE MONIES APPROPRIATED TO THE FUND EACH YEAR SHALL BE RESERVED TO SUPPORT AND ADVANCE ACTIVITIES AND PROJECTS FOR BUSINESSES LOCATED IN A COUNTY WITH A POPULATION OF LESS THAN TWO MILLION PERSONS OR ON TRIBAL LANDS, OR BOTH. MONIES NOT AWARDED PURSUANT TO THIS SUBSECTION WITHIN NINE MONTHS AFTER THE BEGINNING OF THE FISCAL YEAR MAY BE AWARDED TO ACTIVITIES AND PROJECTS FOR BUSINESSES THAT ARE LOCATED IN ANY COUNTY. IN AWARDING MONIES RESERVED PURSUANT TO THIS SUBSECTION, THE CHIEF EXECUTIVE OFFICER SHALL GIVE PRIORITY TO A COUNTY THAT IS LOCATED ALONG THE ARIZONA-MEXICO BORDER OR A COUNTY IN WHICH A MILITARY FACILITY IS LOCATED OR TO PROJECTS LOCATED ON TRIBAL LANDS.

Sec. 40. Section 41-1545.05, Arizona Revised Statutes, is amended to read:

41-1545.05. Program termination

The program established by this article ends on July 1, ~~2016~~ 2018.

Sec. 41. Section 41-1959, Arizona Revised Statutes, is amended to read:

41-1959. Confidential information; permissible disclosure; rules; violation; classification

A. Unless otherwise provided by law, all personally identifiable information concerning any applicant, claimant, recipient, employer or client or concerning any person involved in an adult protective services action, other than a perpetrator against whom an allegation of abuse, neglect or exploitation has been substantiated pursuant to section 46-458, is confidential and shall not be released unless ordered by a superior court judge or provided for by rule of court except as provided in subsections B, C and D of this section. Department records and files that contain information related to investigations conducted by child protective services or the department of child safety are confidential. The department shall release this information only as prescribed by section 8-807.

B. Employees of the department of economic security, the department of law and the court may obtain the information described in subsection A of this section in the performance of their duties as authorized by rules adopted by the director.

C. Employees of the department of economic security, the department of law and the court may release any information that is otherwise held confidential under this section under any of the following circumstances:

1. To the applicant, claimant, recipient, employer or client if a request is made in writing by any of such persons specifically requesting information that directly relates to the person requesting such information.

2. To the extent necessary to make claims on behalf of a client for public or private assistance, insurance or health or medical assistance pursuant to title 11, chapter 2, article 7 or title 36, chapter 29 to which the client may be entitled.

3. In oral and written communications involving the provision of services or the referral to services between employees of, persons under contract with, or persons holding a general employment relationship with the department of economic security, the department of law or the juvenile court.

4. If the disclosure of otherwise confidential information is necessary to protect against a clear and substantial risk of imminent serious injury to a client.

5. To agencies of the federal government, this state or any political subdivision of this state for official purposes. All information received by a governmental agency pursuant to this paragraph shall be maintained as confidential, except where pertinent to a criminal prosecution.

6. To foster parents and persons certified to adopt if necessary to assist in the placement with or care of a child by such persons.

7. In any judicial or administrative proceeding involving an adult protective services client if the director of the department considers the information pertinent to the proceeding.

8. TO THE ENTITIES AS SPECIFIED IN SECTION 23-722.04, SUBSECTIONS A AND E FOR THE DEVELOPMENT OF A STATE WORKFORCE EVALUATION DATA SYSTEM AND PROGRAM PERFORMANCE PURPOSES AND OTHER PROGRAM AND RESEARCH PURPOSES AS DEFINED IN A DATA SHARING AGREEMENT BUT NOT INCLUDING INFORMATION REGARDING ADULT OR CHILD PROTECTION ACTIONS.

D. Notwithstanding section 46-135, a standing committee of the legislature or a committee appointed by the president of the senate or the speaker of the house of representatives may obtain the information described in subsection A of this section on written notification to the director. Information obtained pursuant to this subsection may be used only for purposes of conducting investigations related to legislative oversight of the department. Information that is personally identifiable shall not be further disclosed.

E. Any violation of this section is a class 2 misdemeanor.

F. The department shall establish safeguards against the unauthorized use or disclosure of confidential information in title IV-D cases.

Sec. 42. Section 41-2251, Arizona Revised Statutes, is amended to read:

41-2251. Definitions

In this article, unless the context otherwise requires:

1. "Authority" means the greater Arizona development authority.

2. "Board" means the board of directors of the ~~authority as established by section 41-2252~~ ARIZONA FINANCE AUTHORITY ESTABLISHED BY CHAPTER 53, ARTICLE 2 OF THIS TITLE.

3. "Financial assistance" means assistance provided by the authority to eligible political subdivisions, special districts and Indian tribes pursuant to section 41-2257.

4. "Fund" means the greater Arizona development authority revolving fund established by section 41-2254.

5. "Indian tribe" means any Indian tribe, band, group or community that is recognized by the United States secretary of the interior and that exercises governmental authority within the limits of any Indian reservation under the jurisdiction of the United States government, notwithstanding the issuance of any patent and including rights-of-way running through the reservation.

6. "Infrastructure" means any land, building or other improvement and equipment or other personal property that will make up part of a facility that is located in this state for public use and that is owned by a political subdivision, special district or Indian tribe that retains ultimate responsibility for its operation and maintenance.

7. "Loan" means bonds, leases, loans or other evidences of indebtedness.

8. "Loan repayment agreement" means an agreement to repay a loan entered into by a political subdivision, special district or Indian tribe.

9. "Pledged revenues" means any monies to be received by a political subdivision, special district or Indian tribe, including property taxes, other local taxes, fees, assessments or charges pledged by a political subdivision, special district or Indian tribe as a source for repayment of a loan repayment agreement.

10. "Political subdivision" means a county, city or town.

11. "Short-term assistance" means assistance provided by the authority to political subdivisions, special districts and Indian tribes in connection with the financing of infrastructure.

12. "Special district" means any of the following entities established pursuant to title 48:

(a) Municipal improvement district.

(b) Fire district.

(c) County improvement district.

(d) Special road district.

(e) Sanitary district.

(f) Drainage or flood protection district.

(g) County flood control district.

(h) County jail district.

(i) Regional public transportation authority.

(j) Regional transportation authority.

13. "Technical assistance" means assistance provided pursuant to section 41-2256.

14. "Technical assistance repayment agreement" means an agreement to repay assistance provided pursuant to section 41-2256.

15. "Tribal subdivision" means any chapter, district or village that is recognized by an Indian tribe by resolution or through tribal constitution and that receives technical assistance.

Sec. 43. Section 41-2252, Arizona Revised Statutes, is amended to read:

41-2252. Greater Arizona development authority

~~A.~~ The greater Arizona development authority is established IN THE ARIZONA FINANCE AUTHORITY. The authority shall be governed by THE BOARD OF DIRECTORS OF THE ARIZONA FINANCE AUTHORITY. ~~a board of directors consisting of the following members:~~

~~1. The chief executive officer of the Arizona commerce authority or the director's designee who shall serve as the chairperson.~~

~~2. The director of the department of environmental quality or the director's designee.~~

~~3. The director of the department of transportation or the director's designee.~~

~~4. The state treasurer or the state treasurer's designee.~~

~~5. Five members, one of whom is a representative of a tribal nation of Arizona, appointed by the governor pursuant to section 38-211. All appointed~~

~~members shall reside in different counties, and no more than three members may be members of the same political party.~~

~~B. Members appointed by the governor serve staggered five year terms.~~

~~C. Members of the board are not eligible to receive compensation for their services under this chapter but are eligible for reimbursement of expenses pursuant to title 38, chapter 4, article 2 for their services under this chapter.~~

~~D. Members of the board serving under this chapter are public officers for purposes of title 38, chapter 3, article 8 and the authority is a public body for purposes of title 38, chapter 3, article 3.1.~~

~~E. No appointed member may serve more than two consecutive terms, except that service for a partial term of less than three years shall not be counted toward the two term limitation.~~

~~F. The water infrastructure finance authority of Arizona shall provide general administrative support, equipment and office and meeting space to the greater Arizona development authority.~~

~~G. The water infrastructure finance authority of Arizona may hire staff to provide administrative and technical assistance on behalf of the authority. Earnings on the monies in the greater Arizona development authority revolving fund may be used to pay for staff services.~~

~~H. Members of the board shall not participate in any direct discussions or actions related to any project financed under this article in which the member has any direct or indirect personal financial interest. For purposes of this subsection, a member of the board who is an employee or official of a participant in or applicant for a loan shall not be considered to have a direct or indirect personal financial interest in a project by virtue of the member's services alone. A violation of this subsection is a class 1 misdemeanor.~~

Sec. 44. Section 41-2254, Arizona Revised Statutes, is amended to read:

41-2254. Greater Arizona development authority revolving fund

A. The greater Arizona development authority revolving fund is established consisting of:

1. Monies appropriated by the legislature.

2. Monies received from the United States government to carry out this article.

3. Monies received from political subdivisions, Indian tribes, tribal subdivisions and special districts as loan repayments, technical assistance repayments, interest, administrative fees and penalties.

4. Interest and other income received from investing monies in the fund.

5. Gifts, grants and donations received from any public or private source to carry out this article.

6. Any other monies received by the authority.

B. The board shall administer the fund in compliance with the requirements of this article. The board shall separately account for monies received from each source listed in subsection A of this section. Monies received pursuant to subsection A, paragraph 1 of this section shall not be used for any purpose except securing bonds issued by the authority and providing assistance under technical assistance repayment agreements if the amount used for providing this assistance is not more than eight hundred thousand dollars. This subsection does not limit the power of the authority to pledge other monies in the fund to secure bonds issued by the authority or to provide assistance under technical assistance repayment agreements.

C. The board may establish accounts and subaccounts as necessary to properly account for and use monies received by the authority.

D. Monies in the fund may be used for securing bonds of the authority.

E. Monies in the fund received pursuant to subsection A, paragraphs 2, 3, 4, 5 and 6 of this section may be used for:

1. Providing technical assistance to political subdivisions, special districts, Indian tribes and tribal subdivisions.

2. Providing financial assistance to political subdivisions, special districts and Indian tribes.

3. Paying ~~the~~ compensation and ~~employment-related~~ EMPLOYMENT-RELATED expenses ~~associated with the employees hired pursuant to section 41-2252, subsection E~~.

4. Paying the costs to operate the authority, to administer the fund and to carry out the requirements of this article.

5. Paying the costs of professional assistance hired by the authority pursuant to section 41-2253, subsection B, paragraph 6.

F. On notice from the board, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund.

G. If the monies pledged to secure the bonds become insufficient to pay the principal and interest on the bonds, the board may direct the state treasurer to divest monies in the fund as may be necessary and may apply those proceeds to make current all payments then due on the bonds. The state treasurer shall immediately notify the attorney general and auditor general of the insufficiency. The auditor general shall audit the circumstances surrounding the depletion of the fund and shall report these findings to the attorney general. The attorney general shall conduct an investigation and report these findings to the governor and the legislature.

Sec. 45. Repeal

Sections 41-3016.16 and 41-3019.03, Arizona Revised Statutes, are repealed.

Sec. 46. Title 41, chapter 27, article 2, Arizona Revised Statutes, is amended by adding section 41-3023.15, to read:

41-3023.15. Office of economic opportunity; termination July 1, 2023

A. THE OFFICE OF ECONOMIC OPPORTUNITY TERMINATES ON JULY 1, 2023.

B. TITLE 41, CHAPTER 53 IS REPEALED ON JANUARY 1, 2024, IF THE OFFICE:

1. HAS NO OUTSTANDING CONTRACTUAL OBLIGATIONS WITH THE UNITED STATES OR ANY UNITED STATES AGENCY.

2. HAS NO DEBTS, OBLIGATIONS OR GUARANTEES THAT WERE ISSUED.

3. HAS OTHERWISE PROVIDED FOR PAYING OR RETIRING SUCH DEBTS OR OBLIGATIONS.

C. IF ANY DEBT OR OBLIGATION LISTED IN SUBSECTION B OF THIS SECTION EXISTS AND NO SATISFACTORY PROVISION HAS BEEN MADE TO PAY OR RETIRE THE DEBT OR OBLIGATION, THE OFFICE AND STATUTES CONTINUE IN EXISTENCE UNTIL THE DEBT OR OBLIGATION IS FULLY SATISFIED.

Sec. 47. Delayed repeal

Title 41, chapter 37, article 1, Arizona Revised Statutes, is repealed from and after December 31, 2016.

Sec. 48. Section 41-3953, Arizona Revised Statutes, is amended effective from and after December 31, 2016, to read:

41-3953. Department powers and duties

A. The department is responsible for establishing policies, procedures and programs that the department is authorized to conduct to address the affordable housing issues confronting this state, including housing issues of low income families, moderate income families, housing affordability, special needs populations and decaying housing stock. Among other things, the department shall provide to qualified housing participants and political subdivisions of this state financial, advisory, consultative, planning, training and educational assistance for the development of safe, decent and affordable housing, including housing for low and moderate income households.

B. Under the direction of the director, the department shall:

1. Establish guidelines applicable to the programs and activities of the department for the construction and financing of affordable housing and housing for low and moderate income households in this state. These guidelines shall meet or exceed all applicable state or local building and health and safety code requirements and, if applicable, the national manufactured home construction and safety standards act of 1974 and title VI of the housing and community development act of 1974 (P.L. 93-383, as amended by P.L. 95-128, 96-153 and 96-339). Guidelines established pursuant to this paragraph do not apply to the department's activities prescribed in section 35-726, subsection E.

2. Accept and allocate any monies as from time to time may be appropriated by the legislature for the purposes set forth in this article.

3. Perform other duties necessary to administer this chapter.

4. Perform the duties prescribed in sections 35-726~~,~~ AND 35-728 ~~and 35-913~~.

5. Stimulate and encourage all local, state, regional and federal governmental agencies and all private persons and enterprises that have similar and related objectives and purposes, cooperate with the agencies, persons and enterprises and correlate department plans, programs and operations with those of the agencies, persons and enterprises.

6. Conduct research on its own initiative or at the request of the governor, the legislature or state or local agencies pertaining to any department objectives.

7. Provide information and advice on request of any local, state or federal agencies, private persons and business enterprises on matters within the scope of department activities.

8. Consult with and make recommendations to the governor and the legislature on all matters concerning department objectives.

9. Make annual reports to the governor and the legislature on its activities, including the geographic location of its activities, its finances and the scope of its operations.

C. Under the direction of the director, the department may:

1. Assist in securing construction and mortgage financing from public and private sector sources.

2. Assist mortgage financing programs established by industrial development authorities and political subdivisions of this state.

3. Assist in the acquisition and use of federal housing assistance programs pertinent to enhance the economic feasibility of a proposed residential development.

4. Assist in the compliance of a proposed residential development with applicable federal, state and local codes and ordinances.

5. Prepare and publish planning and development guidelines for the establishment and delivery of housing assistance programs.

6. Contract with a federal agency to carry out financial work on the federal agency's behalf and accept payment for the work.

7. Subcontract for the financial work prescribed in paragraph 6 of this subsection and make payments for that subcontracted work based on the expectation that the federal agency will pay for that work.

8. Accept payment from a federal agency for work prescribed in paragraph 6 of this subsection and deposit those payments in the Arizona department of housing program fund established by section 41-3957.

9. Contract for the services of outside advisers, consultants and aides reasonably necessary or desirable to enable the department to adequately perform its duties.

10. Contract for and incur obligations reasonably necessary or desirable within the general scope of department activities and operations to enable the department to adequately perform its duties.

11. Use any media of communication, publication and exhibition in the dissemination of information, advertising and publicity in any field of its purposes, objectives or duties.

12. Adopt rules deemed necessary or desirable to govern its procedures and business.

13. Contract with other agencies in furtherance of any department program.

14. Use monies, facilities or services to provide contributions under federal or other programs that further the objectives and programs of the department.

15. Accept gifts, grants, matching monies or direct payments from public or private agencies or private persons and enterprises for the conduct of programs that are consistent with the general purposes and objectives of this article and deposit these monies in the Arizona department of housing program fund established by section 41-3957.

16. Establish and collect fees and receive reimbursement of costs in connection with any programs or duties performed by the department and deposit the fees and cost reimbursements in the Arizona department of housing program fund established by section 41-3957.

~~17. Provide staff support to the Arizona housing finance authority and coordinate its activities.~~

D. For the purposes of this section, the department is exempt from chapter 23 of this title.

E. The department is the designated state public housing agency as defined in the United States housing act of 1937 (42 United States Code sections 1401 through 1440) for the purpose of accepting federal housing assistance monies and may participate in the housing assistance payments program. Federal monies may be secured for all areas of this state subject only to the limitations prescribed in subsection F of this section.

F. For areas of this state where an existing public housing authority has not been established pursuant to section 36-1404, subsection A, the department acting as a public housing agency may undertake all activities under the section 8 tenant-based rental housing assistance payment program, except that the department shall not undertake a section 8 tenant-based rental housing assistance payment program within the boundaries of a city, town or county unless authorized by resolution of the governing body of the city, town or county. If the department accepts monies for a section 8 tenant-based rental housing assistance payment program for areas of this state where an existing public housing authority has been established pursuant to section 36-1404, subsection A, the department shall only accept and secure federal monies to provide housing for the seriously mentally ill or other populations with disabilities. The department may accept and secure federal monies for undertaking all contract administrator activities authorized under a section 8 project-based rental housing assistance payment

program in all areas of this state and this participation does not require the authorization of any local governing body.

G. The department shall not itself directly own, construct, operate or rehabilitate any housing units, except as may be necessary to protect the department's collateral or security interest arising out of any department programs.

H. Notwithstanding any other provision of this section, the department may obligate monies as loans or grants applicable to programs and activities of the department for the purpose of providing housing opportunities for low or moderate income households or for housing affordability or to prevent or combat decaying housing stock. Unless otherwise required by federal or state law, any loan repayments shall be deposited in the Arizona department of housing program fund established by section 41-3957.

I. For any construction project financed by the department pursuant to subsection C of this section, except for contract administration activities in connection with the project-based section 8 program, the department shall notify a city, town, county or tribal government that a project is planned for its jurisdiction and, before proceeding, shall seek comment from the governing body of the city, town, county or tribal government or an official authorized by the governing body of the city, town, county or tribal government. The department shall not interfere with or attempt to override the local jurisdiction's planning, zoning or land use regulations.

Sec. 49. Section 41-3955, Arizona Revised Statutes, is amended to read:

41-3955. Housing trust fund; purpose

A. The housing trust fund is established, and the director shall administer the fund. The fund consists of monies from unclaimed property deposited in the fund pursuant to section 44-313, MONIES TRANSFERRED PURSUANT TO SECTION 35-751 and investment earnings.

B. On notice from the department, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund.

C. Fund monies shall be spent on approval of the department for developing projects and programs connected with providing housing opportunities for low and moderate income households and for housing affordability ~~and Arizona housing finance authority~~ programs. Pursuant to section 44-313, subsection A, a portion of fund monies shall be used exclusively for housing in rural areas.

D. In approving the expenditure of monies, the director shall give priority to funding projects that provide for operating, constructing or renovating facilities for housing for low income families and that provide housing and shelter to families that have children.

E. The director shall report annually to the legislature on the status of the housing trust fund. The report shall include a summary of facilities for which funding was provided during the preceding fiscal year and shall

show the cost and geographic location of each facility and the number of individuals benefiting from the operation, construction or renovation of the facility. The report shall be submitted to the president of the senate and the speaker of the house of representatives no later than September 1 of each year.

F. Monies in the housing trust fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

G. An amount not to exceed ten ~~per cent~~ PERCENT of the housing trust fund monies may be appropriated annually by the legislature to the department for administrative costs in providing services relating to the housing trust fund.

H. For any construction project financed by the department pursuant to this section, the department shall notify a city, town, county or tribal government that a project is planned for its jurisdiction and, before proceeding, shall seek comment from the governing body of the city, town, county or tribal government or an official authorized by the governing body of the city, town, county or tribal government. The department shall not interfere with or attempt to override the local jurisdiction's planning, zoning or land use regulations.

Sec. 50. Section 41-3957, Arizona Revised Statutes, is amended to read:

41-3957. Arizona department of housing program fund; purpose

A. The Arizona department of housing program fund is established, and the department shall administer the fund. The fund consists of monies deposited pursuant to sections 35-726, 35-728 and 41-3953, other monies directed to be deposited in the fund and investment earnings on monies in the fund. On notice from the department, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund. All monies in the fund are designated as special state funds for all purposes of section 35-142.

B. Monies in the fund are continuously appropriated. The department shall use monies in the fund~~:~~

~~1.~~ to pay the costs of administering the programs from which the deposits are received and for other department programs.

~~2. At the director's election, to irrevocably transfer to and deposit in any fund established by the Arizona housing authority in connection with any bonds or certificates issued by or any other program of the Arizona housing finance authority.~~

C. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

Sec. 51. Repeal

Title 41, chapter 45, Arizona Revised Statutes, is repealed.

Sec. 52. Title 41, Arizona Revised Statutes, is amended by adding chapter 53, to read:

CHAPTER 53

OFFICE OF ECONOMIC OPPORTUNITY

ARTICLE 1. GENERAL PROVISIONS

41-5301. Definitions

IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "DIRECTOR" MEANS THE DIRECTOR OF THE OFFICE.

2. "OFFICE" MEANS THE OFFICE OF ECONOMIC OPPORTUNITY.

41-5302. Office of economic opportunity; funds

A. THE OFFICE OF ECONOMIC OPPORTUNITY IS ESTABLISHED.

B. THE DIRECTOR IS RESPONSIBLE FOR THE DIRECTION, OPERATION AND CONTROL OF THE OFFICE.

C. THE GOVERNOR SHALL APPOINT THE DIRECTOR OF THE OFFICE PURSUANT TO SECTION 38-211 TO SERVE AT THE PLEASURE OF THE GOVERNOR.

D. THE OFFICE OF ECONOMIC OPPORTUNITY OPERATIONS FUND IS ESTABLISHED CONSISTING OF MONIES DEPOSITED PURSUANT TO SECTIONS 44-1843, 44-1861, 44-1892, 44-3324 AND 44-3325 AND AS OTHERWISE PROVIDED BY LAW. THE OFFICE SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED. MONIES IN THE FUND MAY BE USED IN THE FURTHERANCE OF THE MISSION OF THE OFFICE AND RELATED ECONOMIC DEVELOPMENT INTERESTS.

E. THE ECONOMIC DEVELOPMENT FUND IS ESTABLISHED CONSISTING OF MONIES RECEIVED FROM THE ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY AND THE ARIZONA FINANCE AUTHORITY AS OTHERWISE PROVIDED BY LAW. THE OFFICE SHALL ADMINISTER THE FUND.

41-5303. Powers and duties

A. THE DIRECTOR SHALL:

1. MONITOR THIS STATE'S TAX AND REGULATORY COMPETITIVENESS BY BENCHMARKING THIS STATE AGAINST COMPETITOR STATES AND MUNICIPALITIES, INCLUDING IMPLEMENTING A SYSTEMATIC DATA COLLECTION AND ANALYSIS PROCESS TO EVALUATE TAX AND REGULATORY COSTS TO BUSINESSES IMPOSED BY THIS STATE AND MUNICIPALITIES OF THIS STATE IN RELATION TO OTHER STATES AND MUNICIPALITIES.

2. SERVE AS THIS STATE'S WORKFORCE PLANNING COORDINATOR, PROVIDE STAFFING SUPPORT TO THE WORKFORCE ARIZONA COUNCIL, PROVIDE STEWARDSHIP OF THE STATE WORKFORCE DATA EVALUATION SYSTEM, PROVIDE ECONOMIC AND DEMOGRAPHIC RESEARCH AND ANALYSIS, INCLUDING CONSTITUTIONALLY REQUIRED POPULATION ESTIMATES, PROVIDE EMPLOYMENT AND UNEMPLOYMENT ESTIMATES AND DEVELOP LABOR MARKET INFORMATION FOR THE DEVELOPMENT OF THE STATE WORKFORCE STRATEGY.

3. PROVIDE OFFICE AND MEETING SPACE, ADMINISTRATIVE SUPPORT AND ANALYTIC SUPPORT TO THE ARIZONA FINANCE AUTHORITY AND COORDINATE WITH THE ARIZONA FINANCE AUTHORITY DIRECTOR TO INCORPORATE FINANCE MARKET INTELLIGENCE IN ECONOMIC DEVELOPMENT STRATEGY AND POLICY RECOMMENDATIONS.

4. DEVELOP DATA-INFORMED POLICY AND REGULATORY REFORM RECOMMENDATIONS AND PROVIDE ASSISTANCE WITH STATE TAX AND REGULATORY MATTERS, INCLUDING THE

DEVELOPMENT AND ANALYSIS OF PROPOSED RULES AND REGULATIONS AND THE PROJECTED COST ON EMPLOYERS RELATING TO THOSE RULES AND REGULATIONS.

5. PROVIDE ANALYTICAL SUPPORT TO THE ARIZONA COMMERCE AUTHORITY IN ITS BUSINESS RECRUITMENT, GROWTH AND RETENTION STRATEGIES.

6. PROVIDE ANALYTICAL SUPPORT TO THE ARIZONA COMMERCE AUTHORITY, THE ARIZONA-MEXICO COMMISSION AND THE OFFICE OF TOURISM IN THEIR STATE MARKETING STRATEGIES.

B. THE DIRECTOR MAY:

1. CONTRACT AND INCUR OBLIGATIONS REASONABLY NECESSARY OR DESIRABLE WITHIN THE GENERAL SCOPE OF THE OFFICE'S ACTIVITIES AND OPERATIONS TO ENABLE THE OFFICE TO ADEQUATELY PERFORM ITS DUTIES.

2. USE MONIES, FACILITIES OR SERVICES TO PROVIDE MATCHING CONTRIBUTIONS UNDER FEDERAL OR OTHER PROGRAMS THAT FURTHER THE OBJECTIVES AND PROGRAMS OF THE OFFICE.

3. ACCEPT GIFTS, GRANTS, MATCHING MONIES OR DIRECT PAYMENTS FROM PUBLIC OR PRIVATE AGENCIES OR PRIVATE PERSONS AND ENTERPRISES FOR THE CONDUCT OF PROGRAMS THAT ARE CONSISTENT WITH THE GENERAL PURPOSES AND OBJECTIVES OF THIS CHAPTER.

4. PROVIDE STAFFING SUPPORT TO AN INDUSTRIAL DEVELOPMENT AUTHORITY ESTABLISHED PURSUANT TO TITLE 35, CHAPTER 5.

ARTICLE 2. ARIZONA FINANCE AUTHORITY

41-5351. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "AGREEMENT" MEANS ANY LOAN OR OTHER AGREEMENT, CONTRACT, NOTE, MORTGAGE, DEED OF TRUST, TRUST INDENTURE, LEASE, SUBLEASE OR INSTRUMENT ENTERED INTO BY THE AUTHORITY.

2. "AUTHORITY" MEANS THE ARIZONA FINANCE AUTHORITY.

3. "BOARD" MEANS THE BOARD OF DIRECTORS OF THE AUTHORITY.

4. "BONDS" MEANS ANY BONDS ISSUED BY THE AUTHORITY.

5. "COSTS":

(a) MEANS ALL COSTS INCURRED IN THE ISSUANCE OF BONDS, INCLUDING INSURANCE POLICY, CREDIT ENHANCEMENT, LEGAL, ACCOUNTING, CONSULTING, PRINTING, ADVERTISING AND TRAVEL EXPENSES, PLUS ANY AUTHORITY ADMINISTRATIVE FEES.

(b) MAY INCLUDE INTEREST ON BONDS ISSUED BY THE AUTHORITY FOR A REASONABLE TIME BEFORE AND DURING THE TIME THE PROCEEDS ARE USED.

6. "DIRECTOR" MEANS THE DIRECTOR OF THE AUTHORITY.

7. "FEDERAL AGENCY" MEANS THE UNITED STATES OR ANY AGENCY OR AGENCIES OF THE UNITED STATES.

41-5352. Arizona finance authority; fund

A. THE ARIZONA FINANCE AUTHORITY IS ESTABLISHED IN THE OFFICE OF ECONOMIC OPPORTUNITY.

B. THE GOVERNOR SHALL APPOINT THE DIRECTOR OF THE AUTHORITY TO SERVE AT THE PLEASURE OF THE GOVERNOR.

C. THE ARIZONA FINANCE AUTHORITY OPERATIONS FUND IS ESTABLISHED CONSISTING OF MONIES DEPOSITED PURSUANT TO SECTION 41-5355. THE AUTHORITY SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED.

D. AT THE END OF THE FISCAL YEAR, THE AUTHORITY SHALL TRANSFER ALL UNENCUMBERED MONIES IN THE FUND IN EXCESS OF THE AUTHORITY'S OPERATING COSTS TO THE ECONOMIC DEVELOPMENT FUND ESTABLISHED BY SECTION 41-5302.

41-5353. Board; members; terms; meetings; compensation; prohibition

A. THE AUTHORITY SHALL BE GOVERNED BY A BOARD OF DIRECTORS, CONSISTING OF FIVE MEMBERS TO BE APPOINTED BY THE GOVERNOR, GIVING DUE CONSIDERATION TO A DIVERSE GEOGRAPHICAL REPRESENTATION ON THE BOARD, AND TO SERVE AT THE PLEASURE OF THE GOVERNOR.

B. EACH MEMBER SHALL SERVE FOR A TERM OF THREE YEARS. VACANCIES OCCURRING OTHER THAN BY EXPIRATION OF TERM SHALL BE FILLED IN THE SAME MANNER FOR THE REMAINDER OF THE UNEXPIRED TERM.

C. THE BOARD SHALL ANNUALLY ELECT FROM AMONG ITS MEMBERS A CHAIRPERSON, A SECRETARY AND A TREASURER.

D. THE BOARD RULES SHALL PROVIDE FOR REGULAR ANNUAL MEETINGS OF THE BOARD. THE CHAIRPERSON MAY CALL A SPECIAL MEETING AT ANY TIME. THE BOARD RULES SHALL PROVIDE FOR A METHOD OF GIVING NOTICE OF A SPECIAL MEETING.

E. THE BOARD MAY MEET BY AUDIOCONFERENCE OR VIDEOCONFERENCE. THE REQUIREMENTS OF TITLE 38, CHAPTER 3, ARTICLE 3.1 APPLY TO AN AUDIOCONFERENCE OR VIDEOCONFERENCE, EXCEPT THAT ALL VOTES OF MEMBERS MUST BE BY ROLL CALL, AND THE BOARD MAY NOT MEET IN EXECUTIVE SESSION BY AUDIOCONFERENCE OR VIDEOCONFERENCE.

F. MEMBERS OF THE BOARD ARE NOT ELIGIBLE TO RECEIVE COMPENSATION BUT ARE ELIGIBLE TO RECEIVE REIMBURSEMENT FOR NECESSARY EXPENSES PURSUANT TO TITLE 38, CHAPTER 4, ARTICLE 2 WHILE ENGAGED IN THE PERFORMANCE OF THE MEMBERS' DUTIES.

G. MEMBERS OF THE BOARD MAY NOT HAVE ANY DIRECT OR INDIRECT PERSONAL FINANCIAL INTEREST IN ANY PROJECT FINANCED UNDER THIS ARTICLE.

41-5354. Powers of board

THE BOARD MAY:

1. ADOPT AN OFFICIAL SEAL AND ALTER THE SEAL AT ITS PLEASURE.

2. APPLY FOR, ACCEPT AND ADMINISTER GRANTS OF MONIES OR MATERIALS OR PROPERTY OF ANY KIND FROM A FEDERAL AGENCY OR OTHERS ON SUCH TERMS AND CONDITIONS AS MAY BE IMPOSED.

3. MAKE AND ENTER INTO AGREEMENTS, INCLUDING INTERGOVERNMENTAL AGREEMENTS PURSUANT TO TITLE 11, CHAPTER 7, ARTICLE 3, EXECUTE ALL INSTRUMENTS, PERFORM ALL ACTS AND DO ALL THINGS NECESSARY OR CONVENIENT TO CARRY OUT THE POWERS GRANTED.

4. EMPLOY OR CONTRACT WITH EXPERTS, ENGINEERS, ARCHITECTS, ATTORNEYS, ACCOUNTANTS, CONSTRUCTION AND FINANCIAL EXPERTS AND SUCH OTHER PERSONS AS MAY BE NECESSARY IN THE BOARD'S JUDGMENT AND FIX THEIR COMPENSATION.

5. PAY COMPENSATION AND EMPLOYEE-RELATED EXPENSES.

6. FIX THE COMPENSATION OF THE DIRECTOR.

7. SUE AND BE SUED.

8. ACQUIRE AND MAINTAIN OFFICE SPACE, EQUIPMENT, SUPPLIES, SERVICES AND INSURANCE NECESSARY TO ADMINISTER THIS ARTICLE.

9. CONTRACT WITH, ACT AS GUARANTOR FOR OR COINSURE WITH ANY FEDERAL, STATE OR LOCAL GOVERNMENTAL AGENCY AND OTHER ORGANIZATIONS OR CORPORATIONS IN CONNECTION WITH ITS ACTIVITIES UNDER THIS ARTICLE AND RECEIVE MONIES RELATING TO THOSE CONTRACTS AND SERVICES.

10. ADOPT BYLAWS AND ADMINISTRATIVE RULES CONSISTENT WITH THIS ARTICLE.

11. PROTECT AND ENFORCE THE INTERESTS OF THE AUTHORITY IN ANY PROJECT FINANCED THROUGH THE AUTHORITY'S RESOURCES.

12. ENTER INTO AND INSPECT ANY FACILITY FINANCED THROUGH THE AUTHORITY'S RESOURCES TO INVESTIGATE ITS PHYSICAL CONDITION, CONSTRUCTION, REHABILITATION, OPERATION, MANAGEMENT AND MAINTENANCE AND TO EXAMINE ALL OF THE RECORDS RELATING TO ITS CAPITALIZATION, INCOME AND OTHER RELATED MATTERS.

13. ACQUIRE TITLE TO REAL PROPERTY OR OTHER ASSETS BY GIFT, GRANT OR OPERATION OF LAW, OR BY PURCHASE.

14. ESTABLISH ADVISORY BOARDS THAT HAVE ALL RIGHTS AND POWERS GRANTED BY THE BOARD, INCLUDING THE RIGHT TO REVIEW, EVALUATE AND RECOMMEND TO THE BOARD FOR APPROVAL PROPOSED FINANCINGS.

41-5355. Assets; cost of operation and administration; taxation

A. ANY MONIES, PLEDGES OR PROPERTY ISSUED OR GIVEN TO THE ARIZONA FINANCE AUTHORITY, WHETHER BY APPROPRIATION, LOAN, GIFT OR OTHERWISE, CONSTITUTE THE ASSETS OF THE ARIZONA FINANCE AUTHORITY.

B. THIS STATE IS NOT RESPONSIBLE FOR ANY OBLIGATION INCURRED BY THE AUTHORITY.

C. ALL COSTS AND EXPENSES OF THE AUTHORITY SHALL BE PAID FROM BOND PROCEEDS OF BONDS ISSUED BY ANY INDUSTRIAL DEVELOPMENT AUTHORITY ESTABLISHED BY THE ARIZONA FINANCE AUTHORITY OR OTHER MONIES OF THE AUTHORITY, AND TO THE EXTENT NOT PROHIBITED BY STATE OR FEDERAL LAW OR BY CONTRACT, THE MONIES OF THE GREATER ARIZONA DEVELOPMENT AUTHORITY AND THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA THAT ARE AVAILABLE TO PAY THE ARIZONA FINANCE AUTHORITY'S COSTS AND EXPENSES.

D. THE AUTHORITY AND ITS INCOME ARE EXEMPT FROM TAXATION IN THIS STATE.

41-5356. Duties of board; advisory board; board termination

A. THE BOARD SHALL:

1. ESTABLISH AN INDUSTRIAL DEVELOPMENT AUTHORITY UNDER TITLE 35, CHAPTER 5 AND, NOTWITHSTANDING THE REQUIREMENTS OF SECTION 35-705, SERVE AS THE BOARD OF THE INDUSTRIAL DEVELOPMENT AUTHORITY.

2. SERVE AS THE BOARD OF THE GREATER ARIZONA DEVELOPMENT AUTHORITY AND HAVE ALL POWERS AND AUTHORITY TO TAKE ACTION ON BEHALF OF THE GREATER ARIZONA DEVELOPMENT AUTHORITY PURSUANT TO CHAPTER 18 OF THIS TITLE.

3. SERVE AS THE BOARD OF THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA AND HAVE ALL POWERS AND AUTHORITY TO TAKE ACTION PURSUANT TO TITLE 49, CHAPTER 8 REGARDING WATER INFRASTRUCTURE FINANCING.

4. APPROVE THE AUTHORITY'S BUDGET.

5. ESTABLISH A WATER AND INFRASTRUCTURE FINANCE AUTHORITY ADVISORY BOARD TO ADVISE THE BOARD OF DIRECTORS OF THE AUTHORITY CONSISTING OF RELEVANT STATE AGENCY REPRESENTATIVES AND THE FOLLOWING ADDITIONAL MEMBERS:

(a) ONE MEMBER WHO REPRESENTS A PUBLIC WATER SYSTEM THAT SERVES FIVE HUNDRED OR MORE CONNECTIONS.

(b) ONE MEMBER WHO REPRESENTS A PUBLIC WATER SYSTEM THAT SERVES LESS THAN FIVE HUNDRED CONNECTIONS.

(c) ONE MEMBER WHO REPRESENTS A SANITARY DISTRICT IN A COUNTY WITH A POPULATION OF LESS THAN FIVE HUNDRED THOUSAND PERSONS.

(d) ONE MEMBER WHO REPRESENTS A SANITARY DISTRICT IN A COUNTY WITH A POPULATION OF FIVE HUNDRED THOUSAND OR MORE PERSONS.

(e) ONE MEMBER WHO REPRESENTS A CITY OR TOWN WITH A POPULATION OF LESS THAN FIFTY THOUSAND PERSONS.

(f) ONE MEMBER WHO REPRESENTS A CITY OR TOWN WITH A POPULATION OF FIFTY THOUSAND OR MORE PERSONS.

(g) ONE MEMBER WHO REPRESENTS A COUNTY WITH A POPULATION OF FIVE HUNDRED THOUSAND OR MORE PERSONS.

B. THE BOARD ESTABLISHED PURSUANT TO SUBSECTION A, PARAGRAPH 5 OF THIS SECTION ENDS ON JULY 1, 2024 PURSUANT TO SECTION 41-3103.

41-5357. Supplemental law

THE POWERS CONFERRED BY THIS ARTICLE ARE IN ADDITION AND SUPPLEMENTAL TO THE POWERS CONFERRED BY ANY OTHER LAW, GENERAL OR SPECIAL, AND ARE DEEMED FULL AUTHORITY FOR THE ISSUANCE OF BONDS, FOR ENTERING INTO AGREEMENTS IN CONNECTION THEREWITH AND FOR THE AUTHORIZATION, ISSUANCE AND SALE OF BONDS PURSUANT TO THIS ARTICLE AND WITHOUT REGARD TO THE PROCEDURE REQUIRED BY ANY OTHER SUCH LAW, EXCEPT AS PROVIDED FOR IN TITLE 44, CHAPTER 12, ARTICLE 4.

ARTICLE 3. WORKFORCE

Sec. 53. Section 41-1542, Arizona Revised Statutes, is transferred and renumbered for placement in title 41, chapter 53, article 3, Arizona Revised Statutes, as section 41-5401, and so renumbered, is amended to read:

41-5401. Workforce Arizona council; duties; report

A. The governor by executive order ~~may~~ SHALL establish a ~~governor's council on workforce policy~~ WORKFORCE ARIZONA COUNCIL AND APPOINT MEMBERS TO THE COUNCIL CONSISTENT WITH 29 UNITED STATES CODE SECTION 3111. ~~If the governor establishes a governor's council on workforce policy, the council shall include at least the following members:~~

~~1. The chief executive officer of the Arizona commerce authority or the chief executive officer's designee.~~

~~2. The director of the department of economic security or the director's designee.~~

~~3. The superintendent of public instruction or the superintendent's designee.~~

~~4. One representative from a rural community college district who is appointed by the governor.~~

~~5. One representative from an urban community college district who is appointed by the governor.~~

~~6. One representative from organized labor who is appointed by the governor.~~

~~7. Representatives from large businesses who are appointed by the governor and who shall compose at least thirty per cent of the total membership of the council.~~

~~8. Representatives from small businesses who are appointed by the governor and who shall compose at least twenty-five per cent of the total membership of the council.~~

B. The ~~governor's council on workforce policy~~ WORKFORCE ARIZONA COUNCIL that is established by executive order shall ~~develop program guidelines for selection criteria and program operations. These guidelines shall include the following areas:~~

~~1. Project application procedures.~~

~~2. Categories of allowable and excluded project costs.~~

~~3. Limitations relating to partial or total project costs and interim and end of project reporting requirements.~~

~~4. Procedures to assure that both urban and rural economic interests are addressed.~~

~~5. Criteria to evaluate effective use of training monies.~~

~~6. Criteria to determine the annual qualifying wage rate per county so that the qualifying wage rate reflects current economic conditions and the needs of local businesses in the county.~~ ASSIST THE GOVERNOR IN:

1. THE DEVELOPMENT, IMPLEMENTATION AND MODIFICATION OF A STATE WORKFORCE PLAN.

2. THE REVIEW OF STATEWIDE POLICIES AND PROGRAMS. THE WORKFORCE ARIZONA COUNCIL SHALL MAKE RECOMMENDATIONS TO THE GOVERNOR ON ACTIONS THAT SHOULD BE TAKEN TO ALIGN WORKFORCE DEVELOPMENT PROGRAMS IN A MANNER THAT SUPPORTS A COMPREHENSIVE AND STREAMLINED WORKFORCE DEVELOPMENT SYSTEM.

3. THE DEVELOPMENT AND CONTINUOUS IMPROVEMENT OF THE WORKFORCE DEVELOPMENT SYSTEM IN THIS STATE.

4. THE DEVELOPMENT AND THE UPDATING OF COMPREHENSIVE STATE PERFORMANCE ACCOUNTABILITY MEASURES.

5. THE IDENTIFICATION AND DISSEMINATION OF INFORMATION ON WORKFORCE BEST PRACTICES.

6. THE DEVELOPMENT AND REVIEW OF STATEWIDE POLICIES AFFECTING THE COORDINATED PROVISION OF SERVICES THROUGH A ONE-STOP DELIVERY SYSTEM.

7. THE DEVELOPMENT OF STRATEGIES FOR TECHNOLOGY IMPROVEMENTS TO FACILITATE ACCESS TO AND IMPROVE THE QUALITY OF SERVICES AND ACTIVITIES PROVIDED THROUGH A ONE-STOP DELIVERY SYSTEM.

8. THE DEVELOPMENT OF STRATEGIES FOR ALIGNING TECHNOLOGY AND DATA SYSTEMS ACROSS ONE-STOP PARTNER PROGRAMS TO ENHANCE SERVICE DELIVERY AND IMPROVE EFFICIENCIES IN REPORTING ON PERFORMANCE ACCOUNTABILITY MEASUREMENT AND REPORTING PROCESSES AND THE INCORPORATION OF LOCAL INPUT INTO THE DESIGN AND IMPLEMENTATION OF ONE-STOP PARTNER PROGRAMS.

9. THE DEVELOPMENT OF ALLOCATION FORMULAS FOR THE DISTRIBUTION OF MONIES FOR EMPLOYMENT AND TRAINING ACTIVITIES FOR ADULTS AND YOUTH WORKFORCE INVESTMENT ACTIVITIES.

C. The ~~governor's council on workforce policy~~ WORKFORCE ARIZONA COUNCIL shall meet at least four times each year and shall submit a written annual report to the governor, the president of the senate, the speaker of the house of representatives and the joint legislative budget committee by December 1 of each year. This report shall include:

~~1. The qualifying wage rate per county.~~

~~2. The number of businesses recruited.~~

~~3. The number of approved applicants.~~

~~4. The number of persons hired.~~

~~5. The number of incumbent workers trained.~~

~~6. The racial and ethnic background of persons trained.~~

~~7. The number of persons trained by job skill category.~~

~~8. The average salaries paid.~~

~~9. The breakdown of full-time and part-time jobs.~~

~~10. The information on the efforts to leverage other training resources.~~

~~11. A summary of the information considered pursuant to section 41-1543.~~

~~12. The number of grant applications denied due to either of the following:~~

~~(a) Insufficient available grant money.~~

~~(b) The inability to meet the qualifying wage requirements pursuant to subsection B, paragraph 6 of this section.~~

~~13. A summary of annual spending by state government on workforce development, including details on each state program that participates in workforce development in any state agency or community college. The report shall include:~~

~~(a) Actual expenditures from state, federal or other sources for the prior fiscal year, by fund, program and agency and in total.~~

~~(b) Estimated expenditures from state, federal or other sources for the current fiscal year, by fund, program and agency and in total.~~

~~(c) Federally mandated performance measure results by program, including measures for the previous two fiscal years and for the current fiscal year.~~

~~(d) Agency or statewide performance measure results as described in subsection E of this section by program, including measures for the previous two fiscal years and for the current fiscal year.~~

~~(c) A strategic plan that identifies:~~

~~(i) Each workforce development program in this state.~~

~~(ii) How the state programs met all performance measures in the previous fiscal year.~~

1. INFORMATION SPECIFYING THE LEVELS OF PERFORMANCE ACHIEVED WITH RESPECT TO THE PRIMARY INDICATORS OF PERFORMANCE OF WORKFORCE DEVELOPMENT PROGRAMS AND PERFORMANCE WITH RESPECT TO INDIVIDUALS WITH BARRIERS TO EMPLOYMENT DISAGGREGATED BY RACE, ETHNICITY, SEX AND AGE.

2. THE TOTAL NUMBER OF PARTICIPANTS SERVED BY WORKFORCE DEVELOPMENT PROGRAMS.

3. THE NUMBER OF PARTICIPANTS WHO RECEIVED CAREER AND TRAINING SERVICES AND THE AMOUNT OF MONIES SPENT ON EACH TYPE OF SERVICE.

4. THE NUMBER OF PARTICIPANTS WHO EXITED FROM CAREER AND TRAINING SERVICES.

5. THE AVERAGE COST PER PARTICIPANT OF THOSE PARTICIPANTS WHO RECEIVED CAREER AND TRAINING SERVICES.

6. THE PERCENTAGE OF PARTICIPANTS WHO RECEIVED TRAINING SERVICES AND OBTAINED EMPLOYMENT IN A FIELD RELATED TO THE TRAINING RECEIVED.

7. THE NUMBER OF INDIVIDUALS WITH BARRIERS TO EMPLOYMENT SERVED BY WORKFORCE DEVELOPMENT PROGRAMS.

D. Each state agency and community college shall submit to the ~~governor's council on workforce policy~~ WORKFORCE ARIZONA COUNCIL the information necessary to compile the report described in subsection C, paragraph ~~13~~ 3 of this section by November 1 of each year.

E. The ~~governor's council on workforce policy~~ WORKFORCE ARIZONA COUNCIL shall coordinate with state agencies and state community colleges to produce outcome-based performance measures for all state workforce development programs.

Sec. 54. Section 41-708, Arizona Revised Statutes, is transferred and renumbered for placement in title 41, chapter 53, article 3, Arizona Revised Statutes, as section 41-5402, and so renumbered, is amended to read:

41-5402. Population estimates; labor market information; powers and duties; definition

~~The office of employment and population statistics is established under the direction operation and control of the director. The office shall provide economic and demographic research and analysis, including constitutionally required population estimates, and shall provide employment and unemployment estimates. In carrying out the requirements of this section, the department may:~~

~~1. Partner with the federal government as needed in order to provide detailed employment and unemployment data, population projections and research data.~~

~~2. Receive and expend federal monies.~~

A. THE OFFICE SHALL:

1. PROVIDE ECONOMIC AND DEMOGRAPHIC RESEARCH AND ANALYSIS, INCLUDING CONSTITUTIONALLY REQUIRED POPULATION ESTIMATES, AND PROVIDE EMPLOYMENT AND UNEMPLOYMENT ESTIMATES.

2. PRODUCE LOCAL LABOR MARKET INFORMATION PACKAGES AND CONDUCT LABOR MARKET ANALYSES, INCLUDING SPECIAL STUDIES AND JOB IMPACT ANALYSES IN SUPPORT OF STATE AND LOCAL EMPLOYMENT, TRAINING, EDUCATION AND JOB CREATION PROGRAMS AND ACTIVITIES THAT SUPPORT PROGRAMS DESIGNED TO ALIGN EMPLOYER NEEDS WITH THE EMPLOYMENT BASE TO REDUCE UNEMPLOYMENT AND CREATE JOBS.

3. SUPPORT THE DEVELOPMENT AND IMPLEMENTATION OF THE WORKFORCE INNOVATION AND OPPORTUNITY ACT (P.L. 113-128; 128 STAT. 1425).

B. THE OFFICE MAY:

1. ESTABLISH MECHANISMS TO RECOVER ACTUAL COSTS INCURRED IN PRODUCING, MAINTAINING AND PROVIDING OTHERWISE UNFUNDED LABOR MARKET INFORMATION THAT IS ALIGNED WITH ALL APPLICABLE FEDERAL GUIDELINES.

2. RECEIVE FEDERAL SET-ASIDE MONIES FROM ANY FEDERAL PROGRAM THAT IS AUTHORIZED TO FUND STATE AND LOCAL LABOR MARKET INFORMATION AND THAT IS REQUIRED TO USE THE INFORMATION IN SUPPORT OF THE FEDERAL PROGRAM.

3. COORDINATE WITH OTHER STATE AGENCIES TO STUDY WAYS TO STANDARDIZE AND ENHANCE FEDERAL AND STATE MULTIAGENCY ADMINISTRATIVE RECORDS AND INFORMATION, SUCH AS UNEMPLOYMENT INSURANCE INFORMATION, TO PRODUCE THE EMPLOYMENT, TRAINING, EDUCATION AND ECONOMIC ANALYSIS NEEDED TO IMPROVE LABOR MARKET INFORMATION PRODUCTS AND SERVICES.

4. PARTNER WITH THE FEDERAL GOVERNMENT AS NEEDED IN ORDER TO PROVIDE DETAILED EMPLOYMENT AND UNEMPLOYMENT DATA, POPULATION PROJECTIONS AND RESEARCH DATA.

C. FOR THE PURPOSES OF THIS SECTION, "LABOR MARKET INFORMATION" MEANS THE BODY OF INFORMATION GENERATED FROM MEASUREMENT AND EVALUATION OF THE SOCIOECONOMIC FACTORS AND VARIABLES INFLUENCING THE EMPLOYMENT PROCESS IN THIS STATE AND SPECIFIC LABOR MARKET AREAS. DATA USED FOR MEASUREMENT AND EVALUATION MAY INCLUDE UNEMPLOYMENT INSURANCE INFORMATION RECEIVED ACCORDING TO SPECIFIC DATA SHARING AGREEMENTS WITH THE DEPARTMENT OF ECONOMIC SECURITY. THE SOCIOECONOMIC FACTORS AND VARIABLES THAT AFFECT LABOR DEMAND AND SUPPLY RELATIONSHIPS INCLUDE:

1. LABOR FORCE INFORMATION, INCLUDING UNEMPLOYMENT, LABOR FORCE PARTICIPATION, LABOR TURNOVER AND MOBILITY, AVERAGE HOURS AND EARNINGS AND CHANGES AND CHARACTERISTICS OF THE POPULATION AND LABOR FORCE WITHIN SPECIFIC LABOR MARKET AREAS IN THIS STATE.

2. OCCUPATIONAL INFORMATION, INCLUDING OCCUPATIONAL SUPPLY AND DEMAND ESTIMATES AND PROJECTIONS, CHARACTERISTICS OF OCCUPATIONS, WAGE LEVELS, JOB DUTIES, TRAINING AND EDUCATION REQUIREMENTS, CONDITIONS OF EMPLOYMENT, UNIONIZATION, RETIREMENT PRACTICES AND TRAINING OPPORTUNITIES.

3. ECONOMIC INFORMATION, INCLUDING NUMBER OF BUSINESS STARTS AND STOPS BY INDUSTRY AND LABOR MARKET AREA, INFORMATION ON EMPLOYMENT GROWTH AND

DECLINE BY INDUSTRY AND LABOR MARKET AREA, EMPLOYER ESTABLISHMENT DATA AND NUMBER OF LABOR-MANAGEMENT DISPUTES BY INDUSTRY AND LABOR MARKET AREA.

4. PROGRAM INFORMATION, INCLUDING PROGRAM PARTICIPANT OR STUDENT INFORMATION GATHERED IN COOPERATION WITH OTHER STATE AND LOCAL AGENCIES ALONG WITH RELATED LABOR MARKET INFORMATION TO EVALUATE THE EFFECTIVENESS, EFFICIENCY AND IMPACT OF STATE AND LOCAL EMPLOYMENT, TRAINING, EDUCATION AND JOB CREATION EFFORTS IN SUPPORT OF PLANNING, MANAGEMENT, IMPLEMENTATION AND EVALUATION.

Sec. 55. Title 41, chapter 53, article 3, Arizona Revised Statutes, is amended by adding sections 41-5403 and 41-5404, to read:

41-5403. Workforce data stewardship

A. THE OFFICE OF ECONOMIC OPPORTUNITY AND THE DEPARTMENT OF ECONOMIC SECURITY SHALL ENTER INTO A MEMORANDUM OF UNDERSTANDING ON OR BEFORE SEPTEMBER 30, 2016 TO ESTABLISH THAT THE OFFICE OF ECONOMIC OPPORTUNITY IS THE DESIGNATED OFFICE FOR THIS STATE AND IS RESPONSIBLE FOR FULFILLING UNEMPLOYMENT INSURANCE DATA REQUESTS BY ENTITIES SPECIFIED IN SECTION 23-722.04, SUBSECTION A.

B. THE OFFICE OF ECONOMIC OPPORTUNITY AND THE DEPARTMENT OF ECONOMIC SECURITY IN THE MEMORANDUM OF UNDERSTANDING SHALL ESTABLISH SPECIFICATIONS FOR QUARTERLY DATA TRANSMISSIONS OF UNEMPLOYMENT INSURANCE INFORMATION TO THE OFFICE OF ECONOMIC OPPORTUNITY. THE INITIAL TRANSMISSION SHALL INCLUDE ALL ARCHIVED DATA AVAILABLE.

41-5404. Workforce data task force; membership; duties; report; task force termination

A. THE WORKFORCE DATA TASK FORCE IS ESTABLISHED IN THE OFFICE OF ECONOMIC OPPORTUNITY TO OVERSEE WORKFORCE SYSTEM EVALUATION DATA SHARING. THE TASK FORCE SHALL CONSIST OF THE FOLLOWING MEMBERS:

1. THE DIRECTOR OF THE OFFICE OF ECONOMIC OPPORTUNITY, OR THE DIRECTOR'S DESIGNEE, WHO SHALL SERVE AS CHAIRPERSON OF THE TASK FORCE.

2. THE DIRECTOR OF THE DEPARTMENT OF ECONOMIC SECURITY OR THE DIRECTOR'S DESIGNEE.

3. THE SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE SUPERINTENDENT'S DESIGNEE.

4. THE PRESIDENT OF THE ARIZONA BOARD OF REGENTS OR THE PRESIDENT'S DESIGNEE.

5. A REPRESENTATIVE OF A COMMUNITY COLLEGE DISTRICT OR THE REPRESENTATIVE'S DESIGNEE.

B. THE DIRECTOR OF THE OFFICE OF ECONOMIC OPPORTUNITY MAY APPOINT ADVISORY MEMBERS TO THE TASK FORCE AS NECESSARY.

C. MEMBERS OF THE TASK FORCE ARE NOT ELIGIBLE TO RECEIVE COMPENSATION. THE OFFICE OF ECONOMIC OPPORTUNITY SHALL PROVIDE ADEQUATE STAFF SUPPORT FOR THE TASK FORCE.

D. THE TASK FORCE SHALL:

1. OVERSEE DEVELOPMENT AND MAINTENANCE OF THE STATE WORKFORCE EVALUATION DATA SYSTEM.

2. DEFINE AND REGULARLY REVIEW REQUIREMENTS, STRUCTURES AND METHODOLOGIES FOR THE SYSTEM, INCLUDING:

(a) A RETENTION SCHEDULE FOR UNEMPLOYMENT INSURANCE RECORDS THAT SUPPORTS THE LONGITUDINAL EVALUATION OF WORKFORCE AND EDUCATION PROGRAMS.

(b) DATA STANDARDS RELATING TO UNEMPLOYMENT INSURANCE DATA, INCLUDING RULES FOR DEFINITION, FORMAT, SOURCE, PROVENANCE, ELEMENT LEVEL AND CONTEXTUAL INTEGRITY.

(c) TECHNICAL REQUIREMENTS FOR THE STORAGE, HANDLING AND DISTRIBUTION OF DATA.

(d) SYSTEM PERFORMANCE EXPECTATIONS.

(e) CONTROLS FOR DATA CONFIDENTIALITY AND DATA SECURITY FOR UNEMPLOYMENT DATA, INCLUDING WHEN DATA IS IN TRANSMISSION.

(f) DATA QUALITY AND REPORTING STANDARDS.

(g) REQUIRED ELEMENTS FOR DATA SHARING AGREEMENTS THAT CONFORM TO RELEVANT STATE AND FEDERAL REQUIREMENTS AND THAT ESTABLISH ADEQUACY OF RECEIVING SYSTEM REQUIREMENTS.

(h) A METHODOLOGY TO FUND THE DEVELOPMENT AND ONGOING DATABASE COSTS FROM EXISTING RESOURCES OF ENTITIES THAT HAVE ENTERED INTO CURRENT DATA SHARING AGREEMENTS PURSUANT TO SECTION 23-722.04.

3. PROVIDE ANALYSES AND RECOMMENDATIONS FOR ALL OF THE FOLLOWING:

(a) DATA AUDIT MANAGEMENT, INCLUDING DATA QUALITY METRICS, SANCTIONS AND INCENTIVES FOR DATA QUALITY IMPROVEMENT.

(b) DOCUMENTATION STANDARDS FOR DATA ELEMENTS AND SYSTEMS COMPONENTS.

(c) DATA ARCHIVAL AND RETRIEVAL MANAGEMENT SYSTEMS, INCLUDING CHANGE CONTROL AND CHANGE TRACKING.

(d) PUBLICATION OF STANDARD AND AD HOC REPORTS FOR STATE AND LOCAL LEVEL USE ON WORKFORCE SYSTEM PERFORMANCE.

4. SUBMIT AN ANNUAL REPORT REGARDING THE TASK FORCE'S ACTIVITIES ON OR BEFORE NOVEMBER 1 TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE. THE INITIAL REPORT SHALL INCLUDE ALL INITIAL REQUIREMENTS, STRUCTURES AND METHODOLOGIES DETERMINED PURSUANT TO THIS SECTION.

E. THE TASK FORCE ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2024 PURSUANT TO SECTION 41-3103.

Sec. 56. Section 43-1083.03, Arizona Revised Statutes, is amended to read:

43-1083.03. Credit for qualified facilities

A. For taxable years beginning from and after December 31, 2012 through December 31, ~~2019~~ 2022, a credit is allowed against the taxes imposed by this title for qualifying investment and employment in expanding or locating a qualified facility in this state. To qualify for the credit, after June 30, 2012 the taxpayer must invest in a new qualified facility or expand an existing qualified facility in this state and produce new full-time employment positions where the job duties are performed at the location of

the qualifying investment. The taxpayer must meet the employee compensation and employee health benefit requirements prescribed by section 41-1512.

B. The amount of the credit is computed as follows:

1. Ten ~~per cent~~ PERCENT of the lesser of:

(a) The ~~taxpayer's~~ total ~~capital~~ QUALIFYING investment in the qualified facility.

(b) Two hundred thousand dollars for each net new full-time employment position at the qualified facility.

2. The amount of the credit shall not exceed the postapproval amount determined by the Arizona commerce authority under section 41-1512, subsection P.

3. SUBJECT TO SUBSECTION J OF THIS SECTION, the credit amount computed under paragraph 1 of this subsection is apportioned, and the taxpayer shall claim the credit in five equal annual installments in each of five consecutive taxable years.

C. To claim the credit the taxpayer must:

1. Conduct a business that qualifies under section 41-1512.

2. Receive preapproval and postapproval from the Arizona commerce authority pursuant to section 41-1512.

3. Submit to the department a copy of a current and valid certification of qualification issued to the taxpayer by the Arizona commerce authority.

D. To be counted for the purposes of the credit, an employee must have been employed at the qualified facility for at least ninety days during the taxable year in a permanent full-time employment position of at least one thousand seven hundred fifty hours per year. An employee who is hired during the last ninety days of the taxable year shall be considered a new employee during the next taxable year. To be counted for the purposes of the credit during the first taxable year of employment, the employee must not have been previously employed by the taxpayer within twelve months before the current date of hire. The terms of employment must comply in all cases with the requirements of section 41-1512 and be certified by the Arizona commerce authority.

E. Co-owners of a business, including partners in a partnership, members of a limited liability company and shareholders of an S corporation, as defined in section 1361 of the internal revenue code, may each claim only the pro rata share of the credit allowed under this section based on the ownership interest. The total of the credits allowed all owners of the business may not exceed the amount that would have been allowed for a sole owner of the business.

F. If the allowable tax credit for a taxable year exceeds the income taxes otherwise due on the claimant's income, or if there are no state income taxes due on the claimant's income, the amount of the claim not used as an offset against income taxes shall be paid to the taxpayer in the same manner as a refund under section 42-1118. Refunds made pursuant to this subsection

are subject to setoff under section 42-1122. If the department determines that a refund is incorrect or invalid, the excess refund may be treated as a tax deficiency pursuant to section 42-1108.

G. Except as provided by subsection H of this section, if, within five taxable years after first receiving a credit pursuant to this section, the certification of qualification of a business is terminated or revoked under section 41-1512, other than for reasons beyond the control of the business as determined by the Arizona commerce authority, the taxpayer is disqualified from credits under this section in subsequent taxable years. On a determination that the taxpayer has committed fraud or relocated outside of this state within five taxable years after first receiving a credit pursuant to this section, the credits allowed the taxpayer in all taxable years pursuant to this section are subject to recapture pursuant to this subsection. This subsection applies only in the case of the termination or revocation of a certification of qualification under section 41-1512. This subsection does not apply if, in any taxable year, a taxpayer otherwise does not qualify for or fails to claim the credit under this section. The recapture of credits is computed by increasing the amount of taxes imposed in the year following the year of termination or revocation by the full amount of all credits previously allowed under this section.

H. A taxpayer who claims a credit under section 43-1074, 43-1079 or 43-1083.01 may not claim a credit under this section with respect to the same full-time employment positions.

I. The department of revenue shall adopt rules and prescribe forms and procedures as necessary for the purposes of this section. The department of revenue and the Arizona commerce authority shall collaborate in adopting rules as necessary to avoid duplication and contradictory requirements while accomplishing the intent and purposes of this section.

J. EACH TAXABLE YEAR AFTER THE POSTAPPROVAL OF THE CREDIT UNDER SECTION 41-1512, SUBSECTION P, WHEN THE TAXPAYER FILES THE TAXPAYER'S INCOME TAX RETURN, THE TAXPAYER SHALL:

1. NOTIFY THE DEPARTMENT, ON A FORM PRESCRIBED BY THE DEPARTMENT, OF ANY FULL-TIME EMPLOYMENT POSITION FOR WHICH A CREDIT WAS CLAIMED UNDER THIS SECTION THAT WAS VACANT FOR MORE THAN ONE HUNDRED FIFTY DAYS FROM THE DATE THE FULL-TIME EMPLOYMENT POSITION WAS ORIGINALLY FILLED TO THE END OF THAT TAX YEAR. THE PERIOD THAT A FULL-TIME EMPLOYMENT POSITION WAS VACANT MAY NOT INCLUDE THE PERIOD BEFORE THE FULL-TIME EMPLOYMENT POSITION WAS FILLED FOR THE FIRST TIME.

2. REDUCE THE PORTION OF THE CREDIT CLAIMED FOR THE TAXABLE YEAR PURSUANT TO SUBSECTION B, PARAGRAPH 3 OF THIS SECTION BY FOUR THOUSAND DOLLARS FOR EACH FULL-TIME EMPLOYMENT POSITION REPORTED PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION.

Sec. 57. Section 43-1164.04, Arizona Revised Statutes, is amended to read:

43-1164.04. Credit for qualified facilities

A. For taxable years beginning from and after December 31, 2012 through December 31, ~~2019~~ 2022, a credit is allowed against the taxes imposed by this title for qualifying investment and employment in expanding or locating a qualified facility in this state. To qualify for the credit, after June 30, 2012 the taxpayer must invest in a new qualified facility or expand an existing qualified facility in this state and produce new full-time employment positions where the job duties are performed at the location of the qualifying investment. The taxpayer must meet the employee compensation and employee health benefit requirements prescribed by section 41-1512.

B. The amount of the credit is computed as follows:

1. Ten ~~per cent~~ PERCENT of the lesser of:

(a) The ~~taxpayer's~~ total ~~capital~~ QUALIFYING investment in the qualified facility.

(b) Two hundred thousand dollars for each net new full-time employment position at the qualified facility.

2. The amount of the credit shall not exceed the postapproval amount determined by the Arizona commerce authority under section 41-1512, subsection P.

3. SUBJECT TO SUBSECTION J OF THIS SECTION, the credit amount computed under paragraph 1 of this subsection is apportioned, and the taxpayer shall claim the credit in five equal annual installments in each of five consecutive taxable years.

C. To claim the credit the taxpayer must:

1. Conduct a business that qualifies under section 41-1512.

2. Receive preapproval and postapproval from the Arizona commerce authority pursuant to section 41-1512.

3. Submit to the department a copy of a current and valid certification of qualification issued to the taxpayer by the Arizona commerce authority.

D. To be counted for the purposes of the credit, an employee must have been employed at the qualified facility for at least ninety days during the taxable year in a permanent full-time employment position of at least one thousand seven hundred fifty hours per year. An employee who is hired during the last ninety days of the taxable year shall be considered a new employee during the next taxable year. To be counted for the purposes of the credit during the first taxable year of employment, the employee must not have been previously employed by the taxpayer within twelve months before the current date of hire. The terms of employment must comply in all cases with the requirements of section 41-1512 and be certified by the Arizona commerce authority.

E. Co-owners of a business, including corporate partners in a partnership and members of a limited liability company, may each claim only

the pro rata share of the credit allowed under this section based on the ownership interest. The total of the credits allowed all owners of the business may not exceed the amount that would have been allowed for a sole owner of the business.

F. If the allowable tax credit for a taxable year exceeds the income taxes otherwise due on the claimant's income, or if there are no state income taxes due on the claimant's income, the amount of the claim not used as an offset against income taxes shall be paid to the taxpayer in the same manner as a refund under section 42-1118. Refunds made pursuant to this subsection are subject to setoff under section 42-1122. If the department determines that a refund is incorrect or invalid, the excess refund may be treated as a tax deficiency pursuant to section 42-1108.

G. Except as provided by subsection H of this section, if, within five taxable years after first receiving a credit pursuant to this section, the certification of qualification of a business is terminated or revoked under section 41-1512, other than for reasons beyond the control of the business as determined by the Arizona commerce authority, the taxpayer is disqualified from credits under this section in subsequent taxable years. On a determination that the taxpayer has committed fraud or relocated outside of this state within five taxable years after first receiving a credit pursuant to this section, the credits allowed the taxpayer in all taxable years pursuant to this section are subject to recapture pursuant to this subsection. This subsection applies only in the case of the termination or revocation of a certification of qualification under section 41-1512. This subsection does not apply if, in any taxable year, a taxpayer otherwise does not qualify for or fails to claim the credit under this section. The recapture of credits is computed by increasing the amount of taxes imposed in the year following the year of termination or revocation by the full amount of all credits previously allowed under this section.

H. A taxpayer who claims a credit under section 43-1161, 43-1164.01 or 43-1167 may not claim a credit under this section with respect to the same full-time employment positions.

I. The department of revenue shall adopt rules and prescribe forms and procedures as necessary for the purposes of this section. The department of revenue and the Arizona commerce authority shall collaborate in adopting rules as necessary to avoid duplication and contradictory requirements while accomplishing the intent and purposes of this section.

J. EACH TAXABLE YEAR AFTER THE POSTAPPROVAL OF THE CREDIT UNDER SECTION 41-1512, SUBSECTION P, WHEN THE TAXPAYER FILES THE TAXPAYER'S INCOME TAX RETURN, THE TAXPAYER SHALL:

1. NOTIFY THE DEPARTMENT, ON A FORM PRESCRIBED BY THE DEPARTMENT, OF ANY FULL-TIME EMPLOYMENT POSITION FOR WHICH A CREDIT WAS CLAIMED UNDER THIS SECTION THAT WAS VACANT FOR MORE THAN ONE HUNDRED FIFTY DAYS FROM THE DATE THE FULL-TIME EMPLOYMENT POSITION WAS ORIGINALLY FILLED TO THE END OF THAT TAX YEAR. THE PERIOD THAT A FULL-TIME EMPLOYMENT POSITION WAS VACANT MAY NOT

INCLUDE THE PERIOD BEFORE THE FULL-TIME EMPLOYMENT POSITION WAS FILLED FOR THE FIRST TIME.

2. REDUCE THE PORTION OF THE CREDIT CLAIMED FOR THE TAXABLE YEAR PURSUANT TO SUBSECTION B, PARAGRAPH 3 OF THIS SECTION BY FOUR THOUSAND DOLLARS FOR EACH FULL-TIME EMPLOYMENT POSITION REPORTED PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION.

Sec. 58. Section 44-1843, Arizona Revised Statutes, is amended to read:

44-1843. Exempt securities; fee; filing

A. Sections 44-1841 and 44-1842, section 44-1843.02, subsections B and C and sections 44-3321 and 44-3325 do not apply to any of the following classes of securities:

1. Securities issued or guaranteed by the United States, by any state, territory or insular possession of the United States, by any political subdivision of such state, territory or insular possession, by the District of Columbia or by any agency or instrumentality of one or more of any of the foregoing. This exemption shall not apply to securities regulated pursuant to section 44-1843.01.

2. Securities issued by a national bank, a bank or a credit or loan association organized pursuant to an act of Congress and supervised by the United States or an agency of the United States, or issued by a state bank or savings institution the business of which is supervised and regulated by an agency of this state or of the United States.

3. Securities issued by a savings and loan association subject to supervision by an agency of this state.

4. Insurance or endowment policies, variable contracts, annuity contracts or optional annuity contracts issued by a person subject to the supervision of and licensed by the insurance commissioner, the bank commissioner or any agency of the United States, any state or the District of Columbia performing like functions.

5. Securities issued or guaranteed either as to principal, interest or dividend by a railroad or public utility if the issuance of its securities is regulated by an agency of the United States, a state, territory or insular possession of the United States, an agency of the District of Columbia or an agency of the Dominion of Canada or any province of the Dominion of Canada, and also equipment trust certificates in respect to equipment conditionally sold or leased to a railroad or public utility, if other securities issued by such railroad or public utility would be exempt under this paragraph.

6. Securities issued by a person that is organized and operated exclusively for religious, educational, benevolent, fraternal, charitable or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder or individual and securities issued by or any interest or participation in any pooled income fund, collective trust fund, collective investment fund or similar fund that is excluded from the definition of an investment company

under section 3(c)(10)(B) of the investment company act of 1940. The exemption prescribed in this paragraph does not apply to any of the following, unless excluded from the definition of an investment company under section 3(c)(10)(B) of the investment company act of 1940:

(a) Securities made liens upon revenue producing property subject to taxation.

(b) Securities issued by a nonprofit organization that is engaged in, intends to engage in, controls, finances or lends funds or property to other entities engaged in the construction, operation, maintenance or management of a hospital, sanitarium, rest home, clinic, medical hotel, mortuary, cemetery, mausoleum or other similar facilities.

(c) Interest bearing or noninterest bearing debt securities except for first mortgage bonds issued by individual churches and affiliated religious schools in an aggregate outstanding amount not to exceed twenty-five million dollars by any one single issuer provided that no commission or remuneration of any kind, other than transfer agent's fees, is paid, directly or indirectly, to any person other than a registered dealer or registered salesman in connection with the offer for sale or sale of such bonds.

(d) Securities whose terms include significant features that are common to debt securities and that the commission finds are the functional equivalent of debt securities.

7. Securities listed or approved for listing upon the issuance thereof upon the New York stock exchange, the American stock exchange, the midwest stock exchange or any other national securities exchange that is registered under the securities exchange act of 1934 and that is designated by the commission as provided in this paragraph, and securities designated or approved for designation on notice of issuance on the national market system of a national securities association registered under the securities exchange act of 1934, and all securities senior or equal in rank to any securities so listed or approved for listing, designated or approved for designation or represented by subscription rights or warrants that have been so listed, designated or approved and any warrant or right to purchase or subscribe to any of the foregoing. In addition to the securities exchanges prescribed in this paragraph, the commission may by order designate any registered national securities exchange if it finds that it would be in the public interest for securities listed on the exchange to be exempt. The commission may at any time by order withdraw a designation of an exchange or association made under this paragraph.

8. Commercial paper that arises out of a current transaction or the proceeds of which have been or are to be used for current transactions, that evidences an obligation to pay cash within nine months of the date of issuance or sale, exclusive of days of grace, or any renewal of such paper that is likewise limited, or any guarantee of such paper or of any such renewal.

9. Securities issued or guaranteed by any foreign government with which the United States is at the time of the sale maintaining diplomatic relations, or securities issued or guaranteed by a political subdivision of such foreign government having the power of taxation, if none of the securities of the foreign government or political subdivision are in default either as to principal or interest, and which securities when offered for sale in this state are acknowledged as valid obligations by the foreign government or political subdivision and registered under the securities act of 1933.

10. Notes or bonds secured by a mortgage or deed of trust on real estate or chattels, or a contract or agreement for the sale of real estate or chattels, if the entire mortgage, contract or agreement together with all notes or bonds secured thereby is sold or offered for sale as a unit, except for real property investment contracts.

11. Mortgage related securities, as defined in section 3(a)(41) of the securities exchange act of 1934.

B. Issuers of securities that are exempt under subsection A, paragraphs 6, 7 and 9 of this section, within thirty days after the first sale of the securities in this state, shall pay to the commission a fee of two hundred dollars for each offering, and the commission shall deposit the fees in the ~~Arizona competes fund established by section 41-1545.01~~ OFFICE OF ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED BY SECTION 41-5302.

C. Any securities that are offered and sold pursuant to section 4(5) of the securities act of 1933 or that are mortgage related securities as the term is defined in section 3(a)(41) of the securities exchange act of 1934 are not preempted by federal law. These instruments, commonly referred to as private mortgage backed securities, may be exempt from the registration requirements of this chapter if the transaction or the securities are otherwise exempt under this chapter. This subsection specifically overrides the preemption of state law contained in section 106(c) of the secondary mortgage market enhancement act of 1984 (P.L. 98-440).

D. Noncompliance with the requirements in subsection B of this section to pay fees shall not result in the loss of the exemption allowed by this section.

Sec. 59. Section 44-1861, Arizona Revised Statutes, is amended to read:

44-1861. Fees; deposit; abandonment

A. By the affirmative vote of at least four commissioners, the commission may establish by rule an annual fee for the registration of a dealer or a salesman. The fee shall be remitted on or before the last working day of December, and the commission shall deposit the fee, pursuant to sections 35-146 and 35-147, in the securities regulatory and enforcement fund established by section 44-2039.

B. The registration fee for any dealer who deals exclusively in securities of which the dealer is the issuer is one hundred dollars.

C. For registration of securities by description, there shall be paid to the commission a nonrefundable registration fee of one-tenth of one ~~per cent~~ PERCENT of the aggregate offering price of the securities that are to be sold in this state, but in no event shall the registration fee be less than two hundred dollars nor more than two thousand dollars. The amount by which a registration fee exceeds one thousand five hundred dollars shall be allocated to the ~~Arizona competes fund established by section 41-1545.01~~ OFFICE OF ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED BY SECTION 41-5302.

D. By the affirmative vote of at least four commissioners, the commission may establish by rule a transfer fee for a salesman transferring the salesman's registration from one registered dealer to another registered dealer. The commission shall deposit the fee, pursuant to sections 35-146 and 35-147, in the securities regulatory and enforcement fund established by section 44-2039.

E. The initial filing of a form required for safe harbor exemptions provided for in the securities act of 1933 (15 United States Code section 77(a) et seq.) pursuant to the rules of the commission shall be accompanied by a filing fee of two hundred fifty dollars, of which fifty dollars shall be allocated to the ~~Arizona competes fund established by section 41-1545.01~~ OFFICE OF ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED BY SECTION 41-5302. The final filing of the form, if separate from the initial filing, shall be accompanied by a filing fee of one hundred dollars that is allocated to the ~~Arizona competes fund established by section 41-1545.01~~ OFFICE OF ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED BY SECTION 41-5302.

F. For a name change of securities registered by qualification or description, a filing fee of one hundred dollars is payable to the commission.

G. For filing a notice required by the commission by rule pursuant to section 44-1845, a filing fee of one hundred dollars is payable to the commission.

H. For filing a petition pursuant to section 44-1846, a filing fee of two hundred fifty dollars is payable to the commission.

I. Except as provided in subsections A, C, D, E and P of this section, section 44-1843 and section 44-1892, paragraph 3, all fees collected under this chapter shall be deposited in the state general fund.

J. An issuer who sells securities in this state in excess of the aggregate amount of securities registered in this state, while the registration is still effective, may apply to register the excess securities by paying three times the difference between the initial registration fee paid and the registration fee required under subsection C of this section or section 44-1892, paragraph 3. Registration of the excess securities, if granted, is effective retroactively to the date of the existing registration.

K. An application for registration of securities or registration of a dealer or salesman or an incomplete notice filing is deemed abandoned if both:

1. The application or notice filing has been on file with the commission for at least six months or the applicant or notice filer has failed to respond to a request for information for at least two months after the date of the request.

2. The applicant or notice filer has failed to respond to the commission's notice of warning of abandonment within sixty calendar days after the date of the warning.

L. The commission shall retain fees collected in connection with abandoned applications or notice filings for deposit in the state general fund.

M. The nonrefundable filing fee for a request for a no-action letter from the securities division is two hundred dollars.

N. The nonrefundable filing fee for an application for registration pursuant to section 44-1902 is two hundred fifty dollars.

O. The fee for submitting fingerprint cards to the department of public safety is the fee required by that department.

P. Any securities exchange established in this state shall pay to the commission on or before March 15 of each calendar year an exchange registration fee in an amount equal to two-tenths of one cent for each share, bond or option or any other single unit of a security that is exchanged during each preceding calendar year. The commission shall deposit the fee, pursuant to sections 35-146 and 35-147, in the securities regulatory and enforcement fund established by section 44-2039 for the purpose of regulating the securities exchange. The commission, by rule, may exempt any sale of securities or any class of sales of securities from the fee imposed by this subsection if it finds that an exemption is consistent with the public interest and the equal regulation of the market and brokers and dealers.

Sec. 60. Section 44-1892, Arizona Revised Statutes, is amended to read:

44-1892. Documents required for application for registration by qualification; fee

Application for registration of securities by qualification shall be made by the issuer of the securities by filing with the commission the following documents:

1. An application for registration of securities by qualification as provided by section 44-1893.

2. A prospectus as provided by section 44-1894, except as provided in section 44-1901.

3. A nonrefundable registration fee of one-tenth of one ~~per cent~~ PERCENT of the aggregate offering price of securities to be sold in this state, but the registration fee shall not be less than two hundred nor more than two thousand dollars. The amount by which a registration fee exceeds

one thousand five hundred dollars shall be allocated to the ~~Arizona competes fund established by section 41-1545.01~~ OFFICE OF ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED BY SECTION 41-5302.

4. A consent to service of process as provided by section 44-1862, if the issuer is not domiciled in this state and is not an entity organized under the laws of this state.

Sec. 61. Section 44-3324, Arizona Revised Statutes, is amended to read:

44-3324. Notice filing fees

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

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

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

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

C. An open-end company that does not renew its notice filing in accordance with section 44-3322, subsection B and that did not previously pay the maximum fee for the notice period shall pay a nonrefundable notice filing fee no later than two months after the expiration of its current notice period for sales that occurred during the prior fiscal year and during the two month period from the end of the prior fiscal year to the expiration of the notice period, as those sales are reported pursuant to section 44-3323, subsection D. The fee is equal to one-tenth of one ~~per cent~~ PERCENT of the aggregate dollar amount of securities actually sold in this state during the prior fiscal year and during the two month period from the end of the prior fiscal year to the expiration of the notice period minus two hundred dollars, but in no event more than three thousand three hundred dollars. If the

maximum fee was previously paid for the prior fiscal year, the open-end company is not required to pay any additional fees under this subsection.

D. When filing its initial notice filing, a unit investment trust shall pay a nonrefundable notice filing fee for sales to be made during the initial notice period. The unit investment trust may elect to pay either a minimum fee of two hundred dollars or a maximum fee of three thousand five hundred dollars. If paying the maximum fee, the unit investment trust is not required to file a sales report at the end of the expiration of the notice period.

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

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

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

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

G. An issuer that fails to timely file any sales report required by section 44-3323 shall pay a late filing fee in the amount of two hundred dollars. An issuer that fails to timely pay any notice filing fees required pursuant to this section shall pay the required notice filing fee together

with a late payment fee equal to one-half of the amount of the required notice filing fee.

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

1. Eighty ~~per cent~~ PERCENT in the securities regulatory and enforcement fund established by section 44-2039.

2. Ten ~~per cent~~ PERCENT in the ~~Arizona competes fund established by section 41-1545.01~~ OFFICE OF ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED BY SECTION 41-5302.

3. Ten ~~per cent~~ PERCENT in the investment management regulatory and enforcement fund established by section 44-3298.

Sec. 62. Section 44-3325, Arizona Revised Statutes, is amended to read:

44-3325. Notice filings by closed-end companies

A. Securities that are issued by a closed-end company may be offered for sale and sold in this state if the commission receives all of the following from the closed-end company:

1. The documents that are filed with the SEC and that are required by the commission.

2. A consent to service of process.

3. A notice filing fee calculated pursuant to this section.

B. A notice filing is effective and renewable on the filing date with the commission or the effective date with the SEC, whichever occurs last, and the notice filing is effective for one year from that date.

C. A closed-end company shall include with the company's notice filing a notice filing fee of one-tenth of one ~~per cent~~ PERCENT of the aggregate offering price of securities sold in this state, but the fee shall not be less than two hundred dollars and not more than two thousand dollars. The amount by which a notice filing fee exceeds one thousand five hundred dollars shall be allocated to the ~~Arizona competes fund established by section 41-1545.01~~ OFFICE OF ECONOMIC OPPORTUNITY OPERATIONS FUND ESTABLISHED BY SECTION 41-5302.

D. A closed-end company shall file a report of all sales of securities to persons in this state during the period of the notice filing. The closed-end company shall file the report with the commission within sixty days after the termination date of the offering within this state or the expiration date of the notice filing, whichever occurs first. A closed-end company that fails to timely file a report of sales shall pay a late filing fee of two hundred dollars.

Sec. 63. Section 48-6202, Arizona Revised Statutes, is amended to read:

48-6202. Formation of district

A. The governing bodies of a city with a population of more than one million persons and a county with a population of more than one hundred twenty-five thousand but less than one hundred fifty thousand persons and a

city with a population of more than three thousand persons but less than five thousand persons that is located entirely in that county may establish in any combination that includes the county a theme park district as provided by this chapter. For the purposes of this subsection, the population shall be determined according to the most recent population estimate data produced by the ~~office of employment and population statistics~~ OFFICE OF ECONOMIC OPPORTUNITY at the time the district is established. The district may include theme park sites in one or both cities or in the county establishing the district, or in any combination of a city or cities and a county, including a combination of a county with a population of more than one hundred twenty-five thousand but less than one hundred fifty thousand persons and a city with a population of more than three thousand persons but less than five thousand persons that is located entirely in that county. The city or cities and the county shall establish the geographical boundaries of the district, which shall include only the sites of the theme parks. The district may be established with a single theme park site, any additional sites may be added after the district is initially established and the geographical boundaries of the district may be revised after it is initially established.

B. The district is a corporate and political body and, except as otherwise limited, modified or provided by this chapter, has all of the rights, powers and immunities of municipal corporations.

C. The district is considered to be a tax levying public improvement district for the purposes of article XIII, section 7, Constitution of Arizona.

D. The district is regarded as performing a governmental function in carrying out the purposes of this chapter. The property acquired or constructed by the district, the activities of the district in maintaining and caring for the property and the monies derived by the district from operating the property are exempt from state and local income and property taxation.

Sec. 64. Section 49-1201, Arizona Revised Statutes, is amended to read:

49-1201. Definitions

In this chapter, unless the context otherwise requires:

1. "Authority" means the water infrastructure authority of Arizona.

2. "Board" means the board of directors of the ARIZONA FINANCE authority ESTABLISHED BY TITLE 41, CHAPTER 53, ARTICLE 2.

3. "Bonds of a political subdivision" means bonds issued by a political subdivision as authorized by law.

4. "Clean water act" means the federal water pollution control act amendments of 1972 (P.L. 92-500; 86 Stat. 816), as amended by the water quality act of 1987 (P.L. 100-4; 101 Stat. 7).

~~5. "Committee" means the water supply development fund committee established by section 49-1202, subsection B.~~

~~6.~~ 5. "Drinking water facility" means a community water system or a nonprofit noncommunity water system as defined in the safe drinking water act OF 1974 (P.L. 93-523; 88 Stat. ~~1660~~ 1661; P.L. 95-190; 91 Stat. 1393; P.L. 104-182; 110 Stat. 1613) that is located in this state. For purposes of this chapter, drinking water facility does not include water systems owned by federal agencies.

~~7.~~ 6. "Financial assistance loan repayment agreement" means an agreement to repay a loan provided to design, construct, acquire, rehabilitate or improve water or wastewater infrastructure, related property and appurtenances or a loan provided to finance a water supply development project.

~~8.~~ 7. "Indian tribe" means any Indian tribe, band, group or community that is recognized by the United States secretary of the interior and that exercises governmental authority within the limits of any Indian reservation under the jurisdiction of the United States government, notwithstanding the issuance of any patent and including rights-of-way running through the reservation.

~~9.~~ 8. "Nonpoint source project" means a project designed to implement a certified water quality management plan.

~~10.~~ 9. "Political subdivision" means a county, city, town or special taxing district authorized by law to construct wastewater treatment facilities, drinking water facilities or nonpoint source projects.

~~11.~~ 10. "Safe drinking water act" means the federal safe drinking water act OF 1974 (P.L. 93-523; 88 Stat. ~~1660~~ 1661; P.L. 95-190; 91 Stat. 1393; P.L. 104-182; 110 Stat. 1613), as amended in 1996.

~~12.~~ 11. "Technical assistance loan repayment agreement" means either of the following:

(a) An agreement to repay a loan provided to develop, plan and design water or wastewater infrastructure, related property and appurtenances. The agreement shall be for a term of not more than three years and the maximum amount that may be borrowed is limited to not more than five hundred thousand dollars.

(b) An agreement to repay a loan provided to develop, plan or design a water supply development project.

~~13.~~ 12. "Wastewater treatment facility" means a treatment works, as defined in section 212 of the clean water act, that is located in this state and that is designed to hold, cleanse or purify or to prevent the discharge of untreated or inadequately treated sewage or other polluted waters for purposes of complying with the clean water act.

~~14.~~ 13. "Water provider" means any of the following:

(a) A municipal water delivery system as defined in section 42-5301, paragraphs 1 and 3.

(b) A municipal water delivery system as defined in section 42-5301, paragraph 2, which has entered into a partnership with a city, town or county for a water supply augmentation plan.

(c) A county water augmentation authority established under title 45, chapter 11.

(d) A county water authority established under title 45, chapter 13.

(e) An Indian tribe.

(f) A community facilities district as established by title 48, chapter 4.

(g) For purposes of funding from the water supply development revolving fund pursuant to article 3 of this chapter only, a county that enters into an intergovernmental agreement or other formal written agreement with a city, town or other water provider regarding a water supply development project.

~~15.~~ 14. "Water supply development" means either of the following:

(a) The acquisition of water or rights to or contracts for water to augment the water supply of a water provider, including any environmental or other reviews, permits or plans reasonably necessary for that acquisition.

(b) The development of facilities, including any environmental or other reviews, permits or plans reasonably necessary for those facilities, for any of the following purposes:

(i) Conveyance, storage or recovery of water.

(ii) Reclamation and reuse of water.

(iii) Replenishment of groundwater.

Sec. 65. Section 49-1202, Arizona Revised Statutes, is amended to read:

49-1202. Water infrastructure finance authority of Arizona

~~A.~~ The water infrastructure finance authority of Arizona is established IN THE ARIZONA FINANCE AUTHORITY. ~~A~~ THE ARIZONA FINANCE AUTHORITY board of directors shall govern the WATER INFRASTRUCTURE FINANCE authority OF ARIZONA. ~~The board of directors consists of:~~

~~1. The director of environmental quality, or the director's representative, who serves as chairman.~~

~~2. The chief executive officer of the Arizona commerce authority or the chief executive officer's representative.~~

~~3. The state treasurer or the treasurer's representative.~~

~~4. One member who is appointed by the governor to represent municipalities with populations of fifty thousand persons or more.~~

~~5. One member who is appointed by the governor to represent municipalities with populations of less than fifty thousand persons from a county with a population of less than five hundred thousand persons.~~

~~6. One member who is appointed by the governor to represent counties with populations of five hundred thousand persons or more.~~

~~7. One member who is appointed by the governor to represent sanitary districts in counties with populations of less than five hundred thousand persons.~~

~~8. The director of water resources or the director's representative.~~

~~9. The chairman of the Arizona corporation commission or the chairman's representative.~~

~~10. One member who is appointed by the governor from a public water system that serves five hundred persons or more.~~

~~11. One member who is appointed by the governor from a public water system that serves fewer than five hundred persons.~~

~~12. One member who is appointed by the governor to represent Indian tribes.~~

~~B. The water supply development fund committee of the authority is established. The committee consists of:~~

~~1. The director of water resources, or the director's representative, who serves as chairperson of the committee.~~

~~2. The director of environmental quality, or the director's representative, who serves as vice-chairperson of the committee.~~

~~3. The chairman of the corporation commission or the chairman's representative.~~

~~4. The state treasurer or the treasurer's representative.~~

~~5. One member who is appointed by the governor to represent municipalities with populations of fifty thousand persons or more but less than one hundred thousand persons.~~

~~6. One member who is appointed by the governor to represent municipalities with populations of less than fifty thousand persons from a county with a population of less than five hundred thousand persons.~~

~~7. One member who is appointed by the governor to represent counties with populations of less than eight hundred thousand persons.~~

~~8. One member who is appointed by the governor to represent counties with populations of eight hundred thousand persons or more but less than one million five hundred thousand persons.~~

~~9. One member who is appointed by the governor to represent counties with populations of one million five hundred thousand persons or more.~~

~~10. One member who is appointed by the governor to represent cities with populations of more than one hundred thousand persons in counties with populations of more than one million persons.~~

~~11. One member who is appointed by the governor from a public service corporation that serves one thousand eight hundred fifty persons or more.~~

~~12. One member who is appointed by the governor from a public water system that serves fewer than one thousand eight hundred fifty persons.~~

~~13. One member who is appointed by the governor to represent Indian tribes.~~

~~C. Members of the board and the committee who are appointed by the governor serve at the governor's pleasure and serve staggered five year terms. Members of the board and the committee are not eligible to receive compensation for their services but are eligible for reimbursement for travel and other expenses pursuant to title 38, chapter 4, article 2. Members of the board and the committee are public officers for purposes of title 38, and~~

~~the authority and the committee are public bodies for purposes of title 38, chapter 3, article 3.1.~~

~~D. Members of the board shall not have any direct or indirect personal financial interest in any clean water or drinking water project financed under this article. Members of the committee shall not have any direct or indirect personal financial interest in any water supply development project financed under this article. For the purposes of this subsection, a member of the board or the committee who is a full-time employee of a participant in or applicant for a loan does not have a direct or indirect personal financial interest in a project. A violation of this subsection is a class 1 misdemeanor.~~

~~E. The department of environmental quality shall provide clerical support and office and meeting space to the board.~~

~~F. The department of water resources shall provide technical assistance to the committee as requested by the committee.~~

Sec. 66. Section 49-1203, Arizona Revised Statutes, is amended to read:

49-1203. Powers and duties of authority; definition

A. The authority is a corporate and politic body and shall have an official seal that shall be judicially noticed. The authority may sue and be sued, contract and acquire, hold, operate and dispose of property.

B. The authority, through its board, may:

1. Issue negotiable water quality bonds pursuant to section 49-1261 for the following purposes:

(a) To generate the state match required by the clean water act for the clean water revolving fund and to generate the match required by the safe drinking water act for the drinking water revolving fund.

(b) To provide financial assistance to political subdivisions, Indian tribes and eligible drinking water facilities for constructing, acquiring or improving wastewater treatment facilities, drinking water facilities, nonpoint source projects and other related water quality facilities and projects.

2. Issue water supply development bonds for the purpose of providing financial assistance to water providers for water supply development purposes pursuant to sections 49-1274 and 49-1275.

3. Provide financial assistance to political subdivisions and Indian tribes from monies in the clean water revolving fund to finance wastewater treatment projects.

4. Provide financial assistance to drinking water facilities from monies in the drinking water revolving fund to finance these facilities.

5. Provide financial assistance to water providers from monies in the water supply development revolving fund to finance water supply development.

6. Guarantee debt obligations of, and provide linked deposit guarantees through third party lenders to:

(a) Political subdivisions that are issued to finance wastewater treatment projects.

(b) Drinking water facilities that are issued to finance these facilities.

(c) Water providers that are issued to finance water supply development projects.

7. Provide linked deposit guarantees through third party lenders to political subdivisions, drinking water facilities and water providers.

8. Apply for, accept and administer grants and other financial assistance from the United States government and from other public and private sources.

9. Enter into capitalization grant agreements with the United States environmental protection agency.

10. Adopt rules pursuant to title 41, chapter 6 governing the application for and awarding of wastewater treatment facility, drinking water facility and nonpoint source project financial assistance under this chapter, the administration of the clean water revolving fund and the drinking water revolving fund and the issuance of water quality bonds.

11. Subject to title 41, chapter 4, article 4, hire a director and staff for the authority.

12. Contract for the services of outside advisors, attorneys, consultants and aides reasonably necessary or desirable to allow the authority to adequately perform its duties.

13. Contract and incur obligations as reasonably necessary or desirable within the general scope of authority activities and operations to allow the authority to adequately perform its duties.

14. Assess financial assistance origination fees and annual fees to cover the reasonable costs of administering the authority and the monies administered by the authority. Any fees collected pursuant to this paragraph constitute governmental revenue and may be used for any purpose consistent with the mission and objectives of the authority.

15. Perform any function of a fund manager under the CERCLA Brownfields cleanup revolving loan fund program as requested by the department. The board shall perform any action authorized under this article on behalf of the Brownfields cleanup revolving loan fund program established pursuant to chapter 2, article 1.1 of this title at the request of the department. In order to perform these functions, the board shall enter into a written agreement with the department.

16. Provide grants, staff assistance or technical assistance in the form of loan repayment agreements and other professional assistance to political subdivisions, any county with a population of less than five hundred thousand persons, Indian tribes and community water systems in connection with the development or financing of wastewater, drinking water, water reclamation or related water infrastructure. Assistance provided under a technical assistance loan repayment agreement shall be in a form and under

terms determined by the authority and shall be repaid not more than three years after the date that the monies are advanced to the applicant. The provision of technical assistance by the authority does not create any liability for the authority or this state regarding the design, construction or operation of any infrastructure project.

17. Provide grants, staff assistance or technical assistance in the form of loan repayment agreements and other professional assistance to water providers in connection with the planning or design of water supply development projects ~~as determined by the committee pursuant to section 49-1274~~. A single grant shall not exceed one hundred thousand dollars. Assistance provided under a technical assistance loan repayment agreement shall be ~~in a form and under terms determined by the committee and shall be~~ repaid not more than three years after the date that the monies are advanced to the applicant. The provision of technical assistance by the authority ~~or the committee~~ does not create any liability for the authority~~, the committee~~ or this state regarding the design, construction or operation of any water supply development project.

C. The authority~~, in consultation with the committee,~~ may~~:~~

~~1.~~ adopt rules pursuant to title 41, chapter 6 governing the application for and awarding of water supply development fund project financial assistance under this chapter and the administration of the water supply development revolving fund.

~~2. Appoint a technical advisory subcommittee of not more than five persons with expertise in water resource planning and development to advise the committee regarding the technical feasibility of water supply development projects.~~

D. The board shall deposit, pursuant to sections 35-146 and 35-147, any monies received pursuant to subsection B, paragraph 8 of this section in the appropriate fund as prescribed by the grant or other financial assistance agreement.

E. Disbursements of monies by the water infrastructure finance authority pursuant to a financial assistance agreement are not subject to title 41, chapter 23.

F. For the purposes of the safe drinking water act AND THE CLEAN WATER ACT, the department of environmental quality is the state agency with primary responsibility for administration of this state's public water system supervision program AND WATER POLLUTION CONTROL PROGRAM and, in consultation with other appropriate state agencies AS APPROPRIATE, is the lead agency in establishing assistance priorities as prescribed by SECTION 49-1224, SUBSECTION B, PARAGRAPH 3, section 49-1243, subsection A, paragraph 6 and section 49-1244, subsection B, paragraph 3.

G. For the purposes of this section, "CERCLA" has the same meaning prescribed in section 49-201.

Sec. 67. Laws 2009, chapter 96, section 17, as amended by Laws 2012, chapter 343, section 18, is amended to read:

Sec. 17. Delayed repeal

Sections 41-1511, ~~41-1512,~~ 43-1083.01~~, 43-1083.03,~~ AND 43-1164.01 ~~and 43-1164.04~~, Arizona Revised Statutes, are repealed from and after December 31, 2020.

Sec. 68. Delayed repeal

Sections 41-1512, 43-1083.03 and 43-1164.04, Arizona Revised Statutes, as amended by this act, are repealed from and after December 31, 2023.

Sec. 69. Department of administration; transfer; office of economic opportunity; lapsing; exemption

A. Notwithstanding any other law, on the effective date of this act, the amount of $568,700, on a prorated basis, and any related appropriation in fiscal year 2016-2017 are transferred from the state general fund operating lump sum appropriation for the department of administration to the office of economic opportunity.

B. The transfer made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 70. Arizona commerce authority; rural counties and municipalities

For fiscal year 2016-2017, the Arizona commerce authority shall work with any county with a population of less than two million persons, any municipality located in a county with a population of less than two million persons and any tribal authority to evaluate federal rural and small business economic development grant opportunities.

Sec. 71. Transfer of monies

All unexpended and unencumbered monies, as of the date of the establishment of the Arizona industrial development authority, remaining in the Arizona international development authority fund established by section 41-4505, Arizona Revised Statutes, as repealed by this act, or any bank accounts or funds established pursuant to title 36, chapter 4.2, Arizona Revised Statutes, as repealed by this act, title 41, chapter 37, article 1, Arizona Revised Statutes, as repealed by this act, or title 41, chapter 45, Arizona Revised Statutes, as repealed by this act, are transferred to the Arizona industrial development authority established pursuant to title 35, chapter 5, article 1, Arizona Revised Statutes.

Sec. 72. Purpose

Pursuant to section 41-2955, subsection E, Arizona Revised Statutes, the legislature establishes the office of economic opportunity to facilitate the beneficial economic growth and development of this state and to promote prosperity through development and protection of the legitimate interests of Arizona business, industry and commerce within and outside this state.

Sec. 73. Transfer of powers; effect

A. All matters, including contracts, obligations, agreements, orders and judicial or quasi-judicial actions, whether completed or pending, of the department of economic security relating to the development of allocation formulas for the distribution of workforce innovation and opportunity act (P.L. 113-128; 128 Stat. 1425) monies, and the Arizona commerce authority and the Arizona department of administration relating to the workforce innovation and opportunity act (P.L. 113-128; 128 Stat. 1425), are transferred, on the effective date of this act, and maintain the same status with the office of economic opportunity.

B. Rules adopted by the department of economic security and the Arizona commerce authority for purposes of implementing the workforce innovation and opportunity act (P.L. 113-128; 128 Stat. 1425) are effective until superseded by rules adopted by the office of economic opportunity.

C. All personnel, property and records, all data and investigative findings and all monies remaining unspent and unencumbered of the department of economic security and the Arizona commerce authority related to the activities outlined in subsection A of this section are transferred to the office of economic opportunity and may be used for the purposes of this act.

Sec. 74. Arizona finance authority; bond volume

The Arizona finance authority assumes the administration of the bond volume cap allocation process on the effective date of this act.

Sec. 75. Succession

A. As provided by this act, the Arizona industrial development authority established pursuant to title 35, chapter 5, article 1, Arizona Revised Statutes, succeeds to the authority, powers, duties and responsibilities of the Arizona health facilities authority, the Arizona housing finance authority and the Arizona international development authority.

B. This act does not alter the effect of any actions that were taken or impair the valid obligations of the Arizona health facilities authority, the Arizona housing finance authority and the Arizona international development authority in existence before the effective date of this act.

C. Administrative rules and orders that were adopted by the Arizona health facilities authority, the Arizona housing finance authority and the Arizona international development authority continue in effect until superseded by administrative action by the Arizona industrial development authority established pursuant to title 35, chapter 5, article 1, Arizona Revised Statutes.

D. All administrative matters, contracts and judicial and quasi-judicial actions, whether completed, pending or in process, of the Arizona health facilities authority, the Arizona housing finance authority and the Arizona international development authority on the effective date of this act are transferred to and retain the same status with the Arizona

industrial development authority established pursuant to title 35, chapter 5, article 1, Arizona Revised Statutes.

E. All certificates, licenses, registrations, permits and other indicia of qualification and authority that were issued by the Arizona health facilities authority, the Arizona housing finance authority and the Arizona international development authority retain their validity for the duration of their terms of validity as provided by law.

F. All equipment, records, furnishings and other property, all data and investigative findings, obligations and all appropriated monies that remain unexpended and unencumbered on the effective date of this act of the Arizona health facilities authority, the Arizona housing finance authority and the Arizona international development authority are transferred to the Arizona industrial development authority established pursuant to title 35, chapter 5, article 1, Arizona Revised Statutes. The director of the department of administration shall determine and allocate the transfer, consistent with the provisions of this act.

G. All personnel who are employed by the Arizona health facilities authority and the employee who is employed by the Arizona department of housing and who is directly supporting the Arizona housing finance authority are transferred to the Arizona industrial development authority established pursuant to title 35, chapter 5, article 1, Arizona Revised Statutes, on the effective date of this act. These employees remain members of the Arizona state retirement system until their termination of employment at the Arizona industrial development authority.

Sec. 76. Exemption from rulemaking

For the purposes of this act, the office of economic opportunity and the Arizona finance authority are exempt from the rulemaking requirements of title 41, chapter 6, Arizona Revised Statutes, for one year after the effective date of this act.

Sec. 77. Emergency

This act is an emergency measure that is necessary to preserve the public peace, health or safety and is operative immediately as provided by law.

EMERGENCY NOT ENACTED

APPROVED BY THE GOVERNOR MAY 19, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 19, 2016.

Passed the House March 3, 20 16

by the following vote: 33 Ayes,

19 Nays, 8 Not Voting

w/o emergency

Speaker of the House

✓ Pro Tempore

Jim Drake

Chief Clerk of the House

Passed the Senate May 3, 20 16

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

w/ emergency

President of the Senate

Susan Adams

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. 2666

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

May 4, 2016,

by the following vote: 39 Ayes,

20 Nays, 1 Not Voting w/o emergency

Speaker of the House

Pro Tempore

Jim Drake

Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20_____,

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

H.B. 2666

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

Passed the House May 4, 2016

by the following vote: 39 Ayes,

21 Nays, 0 Not Voting

w/o emergency

Speaker of the House

☑ Pro Tempore

Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

5th day of May, 2016

at 8:02 o'clock A. M.

Secretary to the Governor

Approved this 19th day of

May

at 11:02 o'clock A M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 19th day of May, 2016

at 3:20 o'clock P M.

Secretary of State

ON RECONSIDERATION
H.B. 2666