House Engrossed

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
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Second Regular Session
2016

CHAPTER 80

HOUSE BILL 2013

AN ACT

REPEALING TITLE 12, CHAPTER 6, ARTICLE 14, ARIZONA REVISED STATUTES; AMENDING THE ARIZONA REVISED STATUTES BY ADDING TITLE 18; PROVIDING FOR TRANSFERRING AND RENUMBERING; AMENDING SECTIONS 18-103, 18-105, 18-443, 18-501, 18-502, 18-503, 18-504, 18-541, 18-543, 18-544 AND 18-545, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING SECTIONS 28-2065, 33-1701, 36-3802, 38-543, 38-544, 41-121, 41-352, 41-1277, 41-1504, 41-2513, 41-3016.06, 44-7011, 44-7041, 44-7042 AND 47-9525, ARIZONA REVISED STATUTES; AMENDING LAWS 2006, CHAPTER 232, SECTION 3; RELATING TO INFORMATION TECHNOLOGY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Repeal

Title 12, chapter 6, article 14, Arizona Revised Statutes, is repealed.

Sec. 2. The Arizona Revised Statutes are amended by adding Title 18, to read:

TITLE 18
INFORMATION TECHNOLOGY
CHAPTER 1
GOVERNMENT INFORMATION TECHNOLOGY
ARTICLE 1. GENERAL PROVISIONS
ARTICLE 2. INFORMATION TECHNOLOGY AUTHORIZATION COMMITTEE
ARTICLE 3. ALTERNATIVE ACCESS TO ELECTRONIC OR INFORMATION TECHNOLOGY
CHAPTER 2
NETWORK ACCESS
ARTICLE 1. ACCEPTABLE USE POLICY
CHAPTER 3
GOVERNMENTAL REPORTING OF INFORMATION
ARTICLE 1. GENERAL PROVISIONS
CHAPTER 4
NETWORK SERVICES
ARTICLE 1. GENERAL PROVISIONS
ARTICLE 2. DEPARTMENT OF ADMINISTRATION
ARTICLE 3. SECRETARY OF STATE
CHAPTER 5
NETWORK SECURITY
ARTICLE 1. COMPUTER SPYWARE
ARTICLE 2. GOVERNMENT ANTI-IDENTIFICATION PROCEDURES
ARTICLE 3. INTERNET REPRESENTATIONS

Sec. 3. Transfer and renumber

A. Title 41, chapter 32, Arizona Revised Statutes, is transferred and renumbered for placement in title 18, Arizona Revised Statutes, as added by this act, as chapter 1. Title 41, chapter 32, articles 1, 2 and 3, Arizona Revised Statutes, are transferred and renumbered for placement in title 18, chapter 1, Arizona Revised Statutes, as added by this act, as articles 1, 2 and 3, respectively. The following sections are transferred and renumbered for placement in title 18, chapter 1, article 1:

Former Sections	New Sections
41-3501	18-101
41-3502	18-102
41-3503	18-103
41-3504	18-104
41-3507	18-105

The following section is transferred and renumbered for placement in title 18, chapter 1, article 2:

Former Section	New Section
41-3521	18-121

The following sections are transferred and renumbered for placement in title 18, chapter 1, article 3:

Former Sections	New Sections
41-3531	18-131
41-3532	18-132

B. The following sections are transferred and renumbered for placement in title 18, chapter 2, article 1:

Former Sections	New Sections
41-4151	18-201
41-4152	18-202
41-4153	18-203

C. Title 41, chapter 46, Arizona Revised Statutes, is transferred and renumbered for placement in title 18, Arizona Revised Statutes, as added by this act, as chapter 3. Title 41, chapter 46, article 1, Arizona Revised Statutes, is transferred and renumbered for placement in title 18, chapter 3, Arizona Revised Statutes, as added by this act, as article 1. The following sections are transferred and renumbered for placement in title 18, chapter 3, article 1:

Former Sections	New Sections
41-4601	18-301
41-4602	18-302
41-4603	18-303
41-4604	18-304

D. The following sections are transferred and renumbered for placement in title 18, chapter 4, article 1:

Former Sections	New Sections
41-3505	18-401
41-3508	18-402

The following sections are transferred and renumbered for placement in title 18, chapter 4, article 2:

Former Sections	New Sections
41-3506	18-421
41-5101	18-422

The following sections are transferred and renumbered for placement in title 18, chapter 4, article 3:

Former Sections	New Sections
41-127	18-441
41-132	18-442
41-134	18-443

Section 38-542, Arizona Revised Statutes, as amended by Laws 2011, chapter 332, section 27, is transferred and renumbered for placement in title 18, chapter 4, article 3, Arizona Revised Statutes, as section 18-444. Section 38-542, Arizona Revised Statutes, as amended by Laws 2014, chapter 149, section 1, is transferred and renumbered for placement in title 18, chapter 4, article 3, Arizona Revised Statutes, as section 18-444.

E. The following sections are transferred and renumbered for placement in title 18, chapter 5, article 1:

Former Sections	New Sections
44-7301	18-501
44-7302	18-502
44-7303	18-503
44-7304	18-504

The following sections are transferred and renumbered for placement in title 18, chapter 5, article 2:

41-4171	18-521
41-4172	18-522

The following sections are transferred and renumbered for placement in title 18, chapter 5, article 3:

44-7201	18-541
44-7202	18-542
44-7203	18-543
44-7204	18-544
44-7501	18-545

Sec. 4. Heading repeal

A. The following chapter headings are repealed:

1. Title 41, chapter 39, Arizona Revised Statutes.
2. Title 41, chapter 51, Arizona Revised Statutes.
3. Title 44, chapter 29, Arizona Revised Statutes.
4. Title 44, chapter 30, Arizona Revised Statutes.
5. Title 44, chapter 32, Arizona Revised Statutes.

B. The following article headings are repealed:

1. Title 41, chapter 39, article 1, Arizona Revised Statutes.
2. Title 41, chapter 39, article 2, Arizona Revised Statutes.
3. Title 41, chapter 51, article 1, Arizona Revised Statutes.
4. Title 44, chapter 29, article 1, Arizona Revised Statutes.
5. Title 44, chapter 30, article 1, Arizona Revised Statutes.
6. Title 44, chapter 32, article 1, Arizona Revised Statutes.

Sec. 5. Section 18-103, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

18-103. Powers and duties of director

In regard to government information technology, the director shall:

1. Appoint a chief information officer for information technology.

2. Establish minimum qualifications for each position authorized for the department for government information technology. The qualifications

shall be subject to the review of the information technology authorization committee.

3. Employ, determine the conditions of employment and prescribe the duties and powers of administrative, professional, technical, secretarial, clerical and other persons subject to TITLE 41, chapter 4, article 4 ~~of this title~~ as may be necessary in the performance of the department's duties and contract for the services of outside advisors, consultants and aides as may be reasonably necessary. Employees of the department shall meet the minimum qualifications established pursuant to this section.

Sec. 6. Section 18-105, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

18-105. Statewide information security and privacy office; duties; suspension of budget unit's information infrastructure

A. The statewide information security and privacy office is established in the department. The statewide information security and privacy office shall serve as the strategic planning, facilitation and coordination office for information technology security in this state. Individual budget units shall continue to maintain operational responsibility for information technology security.

B. The director shall appoint a statewide chief information security officer to manage the statewide information security and privacy office. The statewide chief information security officer shall report to the director pursuant to section ~~41-3503~~ 18-103.

C. The statewide information security and privacy office shall develop, implement, maintain and ensure compliance by each budget unit with a coordinated statewide assurance plan for information security and privacy. The statewide information security and privacy office shall:

1. Direct information security and privacy protection compliance reviews with each budget unit to ensure compliance with standards and effectiveness of security assurance plans as necessary.

2. Identify information security and privacy protection risks in each budget unit and direct agencies to adopt risk mitigation strategies, methods and procedures to lessen these risks.

3. Monitor and report compliance of each budget unit with state information security and privacy protection policies, standards and procedures.

4. Coordinate statewide information security and privacy protection awareness and training programs.

5. Develop other strategies as necessary to protect this state's information technology infrastructure and the data that is stored on or transmitted by ~~such~~ THE infrastructure.

D. The statewide information security and privacy office may temporarily suspend operation of information infrastructure that is owned, leased, outsourced or shared in order to isolate the source of, or stop the

spread of, an information security breach or other similar incident. A budget unit shall comply with directives to temporarily discontinue or suspend operations of information infrastructure.

E. Each budget unit and its contractors shall identify and report security incidents to the statewide information security and privacy office immediately on discovery and deploy mitigation strategies as directed.

Sec. 7. Section 18-443, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

18-443. Electronic database system; procedures

A. Subject to legislative appropriation or transfer of monies, the secretary of state shall develop electronic database systems for financial disclosures required under title 38, chapter 3.1, article 1 and lobbyist reporting requirements under TITLE 41, chapter 7, article 8.1 ~~of this title~~.

B. The electronic database system shall allow a county, city or town to elect to use the secretary of state's system subject to:

1. Approval of the local governing body.

2. The local governing body conforming the local governing body's financial disclosure requirement and lobbying disclosure requirements with requirements of this state.

C. This section does not require the secretary of state to provide for a system that complies with filing requirements other than those required in sections ~~38-542~~ 18-444 and 38-543 and TITLE 41, chapter 7, article 8.1 ~~of this title~~.

Sec. 8. Section 18-501, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

18-501. Definitions

In this ~~chapter~~ ARTICLE, unless the context otherwise requires:

1. "Advertisement" means a communication the primary purpose of which is the commercial promotion of a commercial product or service, including communication on an internet ~~web site~~ WEBSITE that is operated for a commercial purpose.

2. "Computer software" means a sequence of instructions that is written in any programming language and that is executed on a computer and does not include a web page or data components of web pages that are not executable independently of the web page.

3. "Damage" means any significant impairment to the integrity or availability of data, computer software, a system or information.

4. "Execute" means the performance of the functions or the carrying out of the instructions of the computer software.

5. "Intentionally deceptive" means any of the following:

(a) By means of an intentionally and materially false or fraudulent statement.

(b) By means of a statement or description that intentionally omits or misrepresents material information in order to deceive an owner or operator of a computer.

(c) By means of an intentional and material failure to provide any notice to an owner or operator of a computer regarding the installation or execution of computer software in order to deceive the owner or operator.

6. "Internet" means the global information system that is logically linked together by a globally unique address space based on the internet protocol, or its subsequent extensions, and that is able to support communications using the transmission control ~~protocol/internet~~ PROTOCOL OR INTERNET protocol suite, or ~~it~~ ITS subsequent extensions, or other internet protocol compatible protocols, and that provides, uses or makes accessible, either publicly or privately, high level services layered on the communications and related infrastructure described in this paragraph.

7. "Owner or operator" means the owner or lessee of a computer or someone using the computer with the owner's or lessee's authorization. Owner or operator does not include any person who owns a computer before the first retail sale of the computer.

8. "Person" means any individual, partnership, corporation, limited liability company or other organization or any combination of these entities.

9. "Personally identifiable information" means any of the following with respect to an individual who is an owner or operator of a computer:

(a) First name or first initial in combination with last name.

(b) A home or other physical address including street name.

(c) An electronic mail address.

(d) A credit or debit card number or bank account number or any password or access code associated with a credit or debit card or bank account.

(e) A social security number, tax identification number, driver license number, passport number or any other government issued identification number.

(f) Any of the following information in a form that personally identifies an owner or operator of a computer:

(i) Account balances.

(ii) Overdraft history.

(iii) Payment history.

10. "Transmit" means to transfer, send or make available computer software, or any component of computer software, via the internet or any other medium, including local area networks of computers, any other nonwire transmission and a disk or other data storage device. Transmit does not include any action by a person providing any of the following:

(a) The internet connection, telephone connection or other means of transmission capability such as a compact disk or digital video disk through which the software was made available.

(b) The storage or hosting of the software program or an internet web page through which the software was made available.

(c) An information location tool, such as a directory, index, reference, pointer or hypertext link, through which the user of the computer

located the software, unless the person receives a direct economic benefit from the execution of the software on the computer.

Sec. 9. Section 18-502, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

18-502. Prohibited activities; applicability

A. It is unlawful for any person who is not an owner or operator of a computer to transmit computer software to a computer, with actual knowledge or with conscious avoidance of actual knowledge, and to use the software to do any of the following:

1. Modify, through intentionally deceptive means, settings that control any of the following:

(a) The page that appears when an owner or operator of a computer launches an internet browser or similar computer software used to access and navigate the internet.

(b) The default provider or web proxy that an owner or operator of a computer uses to access or search the internet.

(c) An ~~owner~~ OWNER'S or operator's list of bookmarks used to access web pages.

2. Collect, through intentionally deceptive means, personally identifiable information:

(a) Through the use of a keystroke logging function that records all keystrokes made by an authorized user who uses the computer and transfers that information from the computer to another person.

(b) In a manner that correlates the information with data respecting all or substantially all of the ~~web sites~~ WEBSITES visited by an owner or operator of the computer, other than ~~web sites~~ WEBSITES operated by the person collecting the information.

(c) With respect only to information described in section ~~44-7301~~ 18-501, paragraph 9, by extracting such information from the hard drive of an ~~owner~~ OWNER'S or operator's computer.

3. Prevent, through intentionally deceptive means, an ~~owner~~ OWNER'S or operator's reasonable efforts to block the installation or execution of, or to disable, computer software by causing software that an owner or operator of the computer has properly removed or disabled automatically to reinstall or reactivate on the computer.

4. Intentionally misrepresent that computer software will be uninstalled or disabled by an ~~owner~~ OWNER'S or operator's action.

5. Through intentionally deceptive means, remove, disable or render inoperative security, antispyware or antivirus computer software installed on the computer.

6. Take control of the computer by:

(a) Accessing or using the modem or internet service for the computer for the purpose of causing damage to the computer or causing an owner or operator to incur financial charges for a service that the owner or operator of the computer has not authorized.

(b) Opening multiple, sequential, ~~stand-alone~~ STAND-ALONE advertisements in an ~~owner~~ OWNER'S or operator's internet browser without the authorization of ~~an~~ THE owner or operator ~~and~~ that a reasonable computer user cannot close without turning off the computer or closing the internet browser.

7. Modify any of the following settings related to the computer's access to, or use of, the internet:

(a) Settings that protect information about an owner or operator of the computer for the purpose of stealing personally identifiable information of the owner or operator.

(b) Security settings for the purpose of causing damage to a computer.

8. Prevent an ~~owner~~ OWNER'S or operator's reasonable efforts to block the installation of, or to disable, computer software, by doing either of the following:

(a) Presenting the owner or operator with an option to decline installation of computer software with knowledge that, ~~when~~ IF the option is selected, the installation nevertheless proceeds.

(b) Falsely representing that computer software has been disabled.

B. It is unlawful for any person who is not an owner or operator of a computer to do either of the following with regard to the computer:

1. Induce an owner or operator to install a computer software component on the computer by intentionally misrepresenting the extent to which installing the software is necessary for security or privacy reasons or in order to open, view or play a particular type of content.

2. Deceptively cause the execution on the computer of a computer software component with the intent of causing an owner or operator to use the component in a manner that violates any other provision of this section.

C. ~~Nothing in~~ This section ~~applies~~ DOES NOT APPLY to any monitoring of, or interaction with, a subscriber's internet or other network connection or service, or a computer, by a telecommunications carrier, cable operator, computer hardware or software provider or provider of information service or interactive computer service for network or computer security purposes, diagnostics, technical support, maintenance, repair, authorized updates of software or system firmware, authorized remote system management or detection or prevention of the unauthorized use of or fraudulent or other illegal activities in connection with a network, service or computer software, including scanning for and removing software prescribed under this ~~chapter~~ ARTICLE.

Sec. 10. Section 18-503, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

18-503. Statewide concern; preemption

It is the intent of the legislature that this ~~chapter~~ ARTICLE is a matter of statewide concern. This ~~chapter~~ ARTICLE supersedes and preempts all rules, regulations, codes, ordinances and other laws adopted by a city,

county, municipality or local agency regarding spyware and notices to consumers from computer software providers regarding information collection.

Sec. 11. Section 18-504, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

18-504. Civil remedies; damages

A. In addition to any other remedies provided by law, the attorney general, or a computer software provider or a ~~web site~~ WEBSITE or trademark owner who is adversely affected by a violation of this ~~chapter~~ ARTICLE, may bring an action against a person who violates this ~~chapter~~ ARTICLE to:

1. Enjoin further violations of this ~~chapter~~ ARTICLE.

2. Recover the greater of actual damages or one hundred thousand dollars for each separate violation of this ~~chapter~~ ARTICLE.

B. A single action or conduct that violates more than one paragraph of section ~~44-7302~~ 18-502, subsection A or ~~subsection~~ B or at least one paragraph of section ~~44-7302~~ 18-502, subsection A and at least one paragraph of section ~~44-7302~~ 18-502, subsection B shall be considered multiple violations. The number of violations shall be based on the number of paragraphs violated.

C. In an action brought under this section, a court may:

1. Increase the damages up to three times the damages allowed by subsection A of this section if the defendant has engaged in a pattern and practice of violating this ~~chapter~~ ARTICLE.

2. Award costs and reasonable attorney fees to the prevailing party.

Sec. 12. Section 18-541, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

18-541. Definitions

~~For the purposes of this chapter~~ IN THIS ARTICLE, unless the context otherwise requires:

1. "Electronic mail message" means a message sent to a unique destination that consists of a unique user name or mailbox and a reference to an internet domain, whether or not displayed, and to which an electronic mail message can be sent or delivered.

2. "Identifying information" means an individual's piece of information that can be used to access an individual's financial accounts or to obtain goods or services and that includes an individual's:

(a) Social security number.

(b) Driver license number.

(c) Bank account number.

(d) Credit or debit card number.

(e) Personal identification number.

(f) Automated or electronic signature.

(g) Unique biometric data.

(h) Account passwords.

3. "Internet" means collectively the myriad of computer and telecommunications facilities, including equipment and operating software,

that comprise the interconnected worldwide network of networks that employ the transmission control protocol or internet protocol, or any predecessor or successor protocols to such protocol, to communicate information of all kinds by wire or radio.

4. "Web page" means a location with respect to the worldwide web that has a single uniform resource locator or other single location with respect to the internet.

Sec. 13. Section 18-543, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

18-543. Civil remedies; damages

A. A person who either is engaged in the business of providing internet access service to the public or owns a web page or trademark and who is adversely affected by reason of a violation of this ~~chapter~~ ARTICLE may bring an action against a person who violates this ~~chapter~~ ARTICLE to:

1. Enjoin further violations of this ~~chapter~~ ARTICLE.

2. Recover the greater of actual damages or two thousand five hundred dollars for each separate violation of this ~~chapter~~ ARTICLE.

B. A person, other than a person who is described in subsection A of this section, who is adversely affected by reason of a violation of this ~~chapter~~ ARTICLE may bring an action only against the person who violates this ~~chapter~~ ARTICLE to:

1. Enjoin further violations of this ~~chapter~~ ARTICLE.

2. Recover the greater of actual damages or five thousand dollars for each separate violation of this ~~chapter~~ ARTICLE.

C. The attorney general may bring an action against a person who violates this ~~chapter~~ ARTICLE to:

1. Enjoin further violations of this ~~chapter~~ ARTICLE.

2. Recover two thousand five hundred dollars per violation.

D. An action under this section must be brought within three years after the violation is discovered or by the exercise of reasonable diligence should have been discovered, whichever is earlier.

E. In an action under this section, the court may increase a damage award to an amount equal to not more than three times the amount otherwise available under this section if the court determines that the defendant has engaged in a pattern and practice of violating this ~~chapter~~ ARTICLE.

F. The attorney general may also recover reasonable attorney fees and costs.

G. For the purposes of this section, multiple violations of this ~~chapter~~ ARTICLE resulting from any single action or act shall constitute one violation.

Sec. 14. Section 18-544, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

18-544. Violation; classification

A person who violates this ~~chapter~~ ARTICLE is guilty of a class 5 felony.

Sec. 15. Section 18-545, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

18-545. Notification of breach of security system; enforcement; civil penalty; preemption; exceptions; definitions

A. When a person that conducts business in this state and that owns or licenses unencrypted computerized data that includes personal information becomes aware of an incident of unauthorized acquisition and access to unencrypted or unredacted computerized data that includes an individual's personal information, the person shall conduct a reasonable investigation to promptly determine if there has been a breach of the security system. If the investigation results in a determination that there has been a breach in the security system, the person shall notify the individuals affected. The notice shall be made in the most expedient manner possible and without unreasonable delay subject to the needs of law enforcement as provided in subsection C of this section and any measures necessary to determine the nature and scope of the breach, to identify the individuals affected or to restore the reasonable integrity of the data system.

B. A person that maintains unencrypted computerized data that includes personal information that the person does not own shall notify and cooperate with the owner or the licensee of the information of any breach of the security of the system following discovery of the breach without unreasonable delay. Cooperation shall include sharing information relevant to the breach of the security of the system with the owner or licensee. The person that owns or licenses the computerized data shall provide notice to the individual pursuant to this section. The person that maintained the data under an agreement with the owner or licensee is not required to provide notice to the individual pursuant to this section unless the agreement stipulates otherwise.

C. The notification required by subsection A of this section may be delayed if a law enforcement agency advises the person that the notification will impede a criminal investigation. The person shall make the notification after the law enforcement agency determines that it will not compromise the investigation.

D. The disclosure required by subsection A of this section shall be provided by one of the following methods:

1. Written notice.

2. Electronic notice if the person's primary method of communication with the individual is by electronic means or is consistent with the provisions regarding electronic records and signatures set forth in the electronic signatures in global and national commerce act (P.L. 106-229; 114 Stat. 464; 15 United States Code section 7001).

3. Telephonic notice.

4. Substitute notice if the person demonstrates that the cost of providing notice pursuant to paragraph 1, 2 or 3 of this subsection would exceed fifty thousand dollars or that the affected class of subject

individuals to be notified exceeds one hundred thousand persons, or the person does not have sufficient contact information. Substitute notice shall consist of all of the following:

(a) Electronic mail notice if the person has electronic mail addresses for the individuals subject to the notice.

(b) Conspicuous posting of the notice on the ~~web site~~ WEBSITE of the person if the person maintains one.

(c) Notification to major statewide media.

E. A person who maintains the person's own notification procedures as part of an information security policy for the treatment of personal information and is otherwise consistent with the requirements of this section shall be deemed to be in compliance with the notification requirements of this section if the person notifies subject individuals in accordance with the person's policies if a breach of the security system occurs.

F. A person that complies with the notification requirements or security breach procedures pursuant to the rules, regulations, procedures, guidance or guidelines established by the person's primary or functional federal regulator is deemed to be in compliance with this section.

G. A person is not required to disclose a breach of the security of the system if the person or a law enforcement agency, after a reasonable investigation, determines that a breach of the security of the system has not occurred or is not reasonably likely to occur.

H. This section may only be enforced by the attorney general. The attorney general may bring an action to obtain actual damages for a wilful and knowing violation of this section and a civil penalty not to exceed ten thousand dollars per breach of the security of the system or series of breaches of a similar nature that are discovered in a single investigation.

I. The state legislature determines that security system breach notification is a matter of statewide concern. The power to regulate security breach notification is preempted by this state and this section shall supersede and preempt all municipal and county laws, charters, ordinances and rules relating to issues regulated by this ~~chapter~~ SECTION.

J. This section does not apply to either of the following:

1. A person subject to title V of the Gramm-Leach-Bliley act ~~of 1999~~ (P.L. 106-102; 113 Stat. 1338; 15 United States Code sections 6801 through 6809).

2. Covered entities as defined under regulations implementing the health insurance portability and accountability act OF 1996, 45 Code of Federal Regulations section 160.103 (1996).

K. The department of public safety, a county sheriff's department, a municipal police department, a prosecution agency and a court shall create and maintain an information security policy that includes notification procedures for a breach of the security system of the department of public safety, the county sheriff's department, the municipal police department, the prosecuting agency or the court.

1 L. For the purposes of this section:
2 1. "Breach", "breach of the security of the system", "breach of the
3 security system" or "security breach" means an unauthorized acquisition of
4 and access to unencrypted or unredacted computerized data that materially
5 compromises the security or confidentiality of personal information
6 maintained by a person as part of a database of personal information
7 regarding multiple individuals and that causes or is reasonably likely to
8 cause substantial economic loss to an individual. Good faith acquisition of
9 personal information by an employee or agent of the person for the purposes
10 of the person is not a breach of the security system if the personal
11 information is not used for a purpose unrelated to the person or subject to
12 further wilful unauthorized disclosure.
13 2. "Court" means the supreme court, court of appeals, superior court,
14 courts inferior to the superior court and justice courts.
15 3. "Encrypted" means use of an algorithmic process to transform data
16 into a form in which the data is rendered unreadable or unusable without use
17 of a confidential process or key.
18 4. "Individual" means a person that is a resident of this state as
19 determined by a principal mailing address in this state as reflected in the
20 records of the person conducting business in this state at the time of the
21 breach.
22 5. "Person" means a natural person, corporation, business trust,
23 estate, trust, partnership, association, joint venture, government,
24 governmental subdivision or agency or any other legal or commercial
25 entity. Person does not include the department of public safety, a county
26 sheriff's department, a municipal police department, a prosecution agency or
27 a court.
28 6. "Personal information":
29 (a) Means an individual's first name or first initial and last name in
30 combination with any one or more of the following data elements, when the
31 data element is not encrypted, redacted or secured by any other method
32 rendering the element unreadable or unusable:
33 (i) The individual's social security number.
34 (ii) The individual's number on a driver license issued pursuant to
35 section 28-3166 or number on a nonoperating identification license issued
36 pursuant to section 28-3165.
37 (iii) The individual's financial account number or credit or debit
38 card number in combination with any required security code, access code or
39 password that would permit access to the individual's financial account.
40 (b) Does not include publicly available information that is lawfully
41 made available to the general public from federal, state or local government
42 records or widely distributed media.
43 7. "Prosecution agency" means the attorney general, any county
44 attorney or any municipal prosecutor.

8. "Redact" means alter or truncate data such that no more than the last four digits of a social security number, driver license number, nonoperating identification license number, financial account number or credit or debit card number is accessible as part of the personal information.

Sec. 16. Section 28-2065, Arizona Revised Statutes, is amended to read:

28-2065. Electronic and digital signatures; documents

A. ~~On or before January 1, 2009,~~ The director in cooperation with a statewide association of franchised new motor vehicle dealers shall establish a schedule to develop a pilot program to accept and use electronic or digital signatures.

B. In the process of developing the pilot program, the director shall research and develop methods to allow the department, authorized third parties, licensed financial institutions, licensed insurers or any other business or individual as determined by the director to accept, exchange and use electronic or digital signatures for any document or for any transaction prescribed in this chapter and sections 28-370, 28-444, 28-453 and 28-5111.

C. The participants shall ensure that adequate security measures are in place to prevent any illegal use of the signatures or other information exchanged pursuant to this section.

D. Except for a statewide association of franchised new motor vehicle dealers, the director may limit the number of participants in the system but shall encourage authorized third parties and businesses of various sizes to participate.

E. After the system has been operating for twelve months, the director may expand the system if the director determines the system is successful.

F. The director may determine and require reimbursement from pilot program participants for costs related to computer programming, hardware, development and personnel. The department shall deposit, pursuant to sections 35-146 and 35-147, all monies received pursuant to this section in a separate account of the state highway fund established by section 28-6991. Monies in the separate account are continuously appropriated. The director may transfer monies deposited pursuant to this subsection from the separate account to the operating budget of the department's motor vehicle division for the purpose of reimbursing the department's operating budget for expenditures made by the division pursuant to this section.

G. This section does not limit the use of electronic and digital signatures used by state agencies, boards or commissions pursuant to section ~~41-132~~ 18-442.

H. The director shall adopt policies necessary to implement this section.

Sec. 17. Section 33-1701, Arizona Revised Statutes, is amended to read:

33-1701. Definitions; exception

A. In this article, unless the context otherwise requires:

1. "Default" means the failure to perform on time any obligation or duty set forth in the rental agreement.

2. "Department" means the Arizona game and fish department in the case of motorized watercraft and the department of transportation in the case of all other vehicles.

3. "Electronic mail" means an electronic message or an executable program or computer file that contains an image of a message that is transmitted between two or more computers or electronic terminals and includes electronic messages that are transmitted within or between computer networks from which a confirmation of receipt is received.

4. "Last known address" means that postal address or electronic address provided by the occupant in the rental agreement or the postal address or electronic address provided by the occupant in a subsequent written notice of a change of address.

5. "Late fee" means a reasonable fee or charge that is assessed by the operator for the failure of the occupant to pay rent when due pursuant to section 33-1703, subsection D.

6. "Leased space" means the storage space or spaces at the self-service storage facility that are rented to an occupant pursuant to a rental agreement.

7. "Net proceeds" means the total proceeds received from the lien sale less the total amount of the lien.

8. "Occupant" means a person or the person's sublessee, successor or assign, entitled to the use of the leased space at a self-service storage facility under a rental agreement, to the exclusion of others.

9. "Operator" means the owner, operator, lessor or sublessor of a self-service storage facility, an agent or any other person authorized to manage the facility.

10. "Personal information" has the same meaning prescribed in section ~~44-7501~~ 18-545 and includes passport information and medical or legal records.

11. "Personal property" means movable property that is not affixed to land and includes but is not limited to goods, wares, merchandise, household items and furnishings and vehicles.

12. "Protected property" means personal property the sale or disposal of which is regulated by state or federal law and that is one of the following:

(a) Documents, files or electronic data that contains personal information relating to clients, customers, patients or others in connection with the occupant's business.

(b) Alcoholic beverages.

(c) Pharmaceuticals other than those dispensed by a licensed pharmacy for the occupant's personal use.

(d) Firearms.

13. "Registered owner" means an owner of a vehicle as stated in the official records of the department.

14. "Rental agreement" means any written agreement provided to the occupant that establishes or modifies the terms, conditions or rules concerning the use and occupancy of leased space at a self-service storage facility.

15. "Self-service storage facility" means any real property used for renting or leasing storage spaces in which the occupants themselves customarily store and remove their own personal property on a self-service basis.

16. "Vehicle" means a motor vehicle, a trailer or a semitrailer as defined in section 28-101 and a motorized watercraft as defined in section 5-301.

17. "Verified mail" means any method of mailing that is offered by the United States postal service and that provides evidence of mailing.

B. This article does not apply to a warehouseman unless the warehouseman issues a warehouse receipt, bill of lading or other document of title for the personal property stored.

Sec. 18. Section 36-3802, Arizona Revised Statutes, is amended to read:

36-3802. <u>Individual rights</u>

A. A health information organization must provide the following rights to individuals:

1. To opt out of participating in the health information organization pursuant to section 36-3803.

2. To request a copy of the individual's individually identifiable health information that is available through the health information organization. The health information organization may provide this right directly or may require health care providers participating in the health information organization to provide access to individuals. The copy may be provided electronically, if the individual requesting the copy consents to electronic delivery of the individually identifiable health information, and must be provided to the individual within thirty days after the individual's request. Charges for copies are governed by section 12-2295.

3. To request amendment of incorrect individually identifiable health information available through the health information organization.

4. To request a list of the persons who have accessed the individual's individually identifiable health information through the health information organization for a period of at least three years before the individual's request. This list must be provided to the individual within thirty days after the individual's request.

5. To be notified, pursuant to section ~~44-7501~~ 18-545 and 45 Code of Federal Regulations part 164, subpart D, of a breach at the health information organization that affects the individual's individually identifiable health information.

B. If an individual does not have the capacity to make health care decisions, the individual's health care decision maker may exercise all individual rights in this chapter on behalf of the individual.

Sec. 19. Section 38-543, Arizona Revised Statutes, is amended to read:

38-543. Duty to file financial disclosure statement by candidate for public office

A candidate for public office as specified in section 38-541, paragraph 8 shall file a financial disclosure statement covering the preceding twelve month period and containing the information described in section ~~38-542~~ 18-444 on a form prescribed by the secretary of state at the time of filing of nomination papers.

Sec. 20. Section 38-544, Arizona Revised Statutes, is amended to read:

38-544. Violation; classification

A. Any public officer, local public officer or candidate who knowingly fails to file a financial disclosure statement required pursuant to section ~~38-542~~ 18-444, 38-543 or 38-545, who knowingly files an incomplete financial disclosure statement or who knowingly files a false financial disclosure statement is guilty of a class 1 misdemeanor.

B. Any public officer, local public officer or candidate who violates this chapter is subject to a civil penalty of fifty dollars for each day of noncompliance but not more than five hundred dollars that may be imposed as prescribed in section 16-924.

Sec. 21. Section 41-121, Arizona Revised Statutes, is amended to read:

41-121. Duties

A. The secretary of state shall:

1. Receive bills and resolutions from the legislature, and perform such other duties as devolve ~~upon~~ ON the secretary of state by resolution of the two houses or either of them.

2. Keep a register of and attest the official acts of the governor.

3. Act as custodian of the great seal of this state.

4. Affix the great seal, with the secretary of state's attestation, to public instruments to which the official signature of the governor is attached.

5. File in the secretary of state's office receipts for all books distributed by the secretary of state and direct the county recorder of each county to do the same.

6. Certify to the governor the names of those persons who have received at any election the highest number of votes for any office, the incumbent of which is commissioned by the governor.

7. Publish slip laws of each act of the legislature promptly ~~upon~~ ON passage and approval of such act, make such acts available to interested

persons for a reasonable fee to compensate for the cost of printing and provide each house of the legislature and the legislative council with a certified copy of each bill or resolution, showing the chapter or resolution number of each, as each is filed in the secretary of state's office.

8. Keep a fee book of fees and compensation of whatever kind and nature earned, collected or charged by the secretary of state, with the date, the name of the payer and the nature of the service in each case. The fee book shall be verified annually by the secretary of state's affidavit entered in the fee book.

9. Perform other duties imposed on the secretary of state by law.

10. Report to the governor on January 2 each year, and at such other times as provided by law, a detailed account of the secretary of state's official actions taken since the secretary of state's previous report together with a detailed statement of the manner in which all appropriations for the secretary of state's office have been expended.

11. Transfer all noncurrent or inactive books, records, deeds and other papers otherwise required to be filed with or retained by the secretary of state to the custody of the Arizona state library, archives and public records.

12. Make available to the public, without charge, title 33, chapters 10 and 11 on the secretary of state's website.

13. Accept, and approve for use, electronic and digital signatures that comply with section ~~41-132~~ 18-442, for documents filed with and by all state agencies, boards and commissions. In consultation with the department of administration and the state treasurer, the secretary of state shall adopt rules pursuant to chapter 6 of this title establishing policies and procedures for the use of electronic and digital signatures by all state agencies, boards and commissions for documents filed with and by all state agencies, boards and commissions.

14. Meet at least annually with personnel from the federal voting assistance office of the United States department of defense and with county recorders and other county election officials in this state to coordinate the delivery and return of registrations, ballot requests, voted ballots and other election materials to and from absent uniformed and overseas citizens.

B. The secretary of state may refuse to perform a service or refuse a filing based on a reasonable belief that the service or filing is being requested for an unlawful, illegitimate, false or fraudulent purpose or is being requested or submitted in bad faith or for the purpose of harassing or defrauding a person or entity. This subsection does not apply to election filings.

Sec. 22. Section 41-352, Arizona Revised Statutes, is amended to read:

41-352. <u>Applicability of article; electronic signature laws</u>

A. Any notarial act in which a person by oath or affirmation signs a document may be performed electronically as prescribed by this article if

under applicable law that document may be signed with an electronic signature.

B. Unless otherwise expressly prohibited by law, the following notarial acts, terms and entities have the same legal effect as those prescribed by article 2 of this chapter:

1. Electronic acknowledgment as acknowledgment.
2. Electronic oath as oath.
3. Electronic jurat as jurat.
4. Electronic affidavit as affidavit.
5. Electronic notarial act as notarial act.
6. Electronic notarial certificate token as notarial certificate.
7. Electronic notary as notary.

C. An electronic commission is a commission to perform only electronic notary acts and only an electronic notary is authorized to perform electronic notary acts.

D. Unless otherwise expressly prohibited by law, any electronic notarial act may be performed by either:

1. An act in the presence of an electronic notary as prescribed by this article.

2. An electronic notarial service as prescribed by this article for which the person signing appears before an electronic notary and by oath or affirmation acknowledges that any notary service electronic document that is created by the person pursuant to this article has the same legal force and effect as if the person appeared before an electronic notary and by oath or affirmation executed an electronic notarial act.

E. Section ~~41-132~~ 18-442 applies in conjunction with this article to electronic signatures used by electronic notaries.

F. This article applies to electronic notarial acts that are performed by electronic notaries who are appointed in this state and applies only to their acts performed in the United States.

Sec. 23. Section 41-1277, Arizona Revised Statutes, is amended to read:

41-1277. <u>Joint legislative budget committee; annual report; debt; definitions</u>

A. On or before January 31 of each year, the joint legislative budget committee staff shall present to the appropriations committees of the senate and the house of representatives a report on state debt and obligations, including:

1. Outstanding general obligation bonds.
2. Long-term notes and obligations.
3. Certificates of participation and other obligations pursuant to any lease-purchase agreements.
4. Revenue bonds.
5. Deferred rollover payment obligations.

B. The report shall contain, for the most recent fiscal year:

1. The statewide aggregate level of outstanding principal and the principal and interest payments, by type of debt or obligation. The report shall be based on data available from the searchable database required by section ~~41-4604~~ 18-304.

2. Itemization, by budget unit, of the original due date of each deferred payment for deferred rollover payment obligations, the amount of interest paid to date due to the deferral and the amount of yearly interest to be paid in the most recent and the next fiscal year due to the deferral.

3. Information on per capita state debt and obligations.

4. Information on the ten year history of state debt and obligations based on available data.

C. The report and a link to the searchable database required by section ~~41-4604~~ 18-304 shall be posted on the joint legislative budget committee's website, and a copy of the report shall be provided to any member of the public who makes a request.

D. For the purposes of this section:

1. "Deferred rollover payment obligation" means an obligation to make a payment in a fiscal year that was due in and deferred from a previous fiscal year.

2. "State debt and obligations" means debt and obligations whose principal or interest is paid with state funds.

Sec. 24. Section 41-1504, Arizona Revised Statutes, is amended to read:

41-1504. <u>Powers and duties; e-verify requirement</u>

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.

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 TITLE 18, chapter ~~32~~ 1, 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. 25. Section 41-2513, Arizona Revised Statutes, is amended to read:

41-2513. Authority to contract for certain services

A. For the purpose of procuring the services of clergy, certified public accountants, legal counsel pursuant to section 41-192, subsection D, physicians or dentists as defined by the laws of this state, any state governmental unit may act as a purchasing agency and contract on its own behalf for such services, subject to this chapter and rules adopted by the director.

B. In accordance with ~~the provisions of~~ section 41-192, subsection D and notwithstanding any contrary statute, no contract for the services of legal counsel may be awarded without the approval of the attorney general.

C. The auditor general shall approve state agency contracting for financial and compliance auditing services except if specific statutory authority is otherwise provided. The auditor general shall ensure that such contract audits are conducted in accordance with generally accepted governmental auditing standards. An audit shall not be accepted until it has been approved by the auditor general.

D. The department may approve all information technology purchases exceeding twenty-five thousand dollars for a budget unit as defined in section ~~41-3501~~ 18-101. Purchases shall not be artificially divided to avoid review.

E. Payment for any services, including those services described in subsections A, B and C of this section, procured under this chapter shall not be made unless pursuant to a fully approved written contract.

Sec. 26. Section 41-3016.06, Arizona Revised Statutes, is amended to read:

41-3016.06. Department of administration; termination July 1, 2016

A. The department of administration terminates on July 1, 2016.

B. TITLE 18, CHAPTER 1 AND title 41, chapter 4, articles 1, 2, 3, 4, 5 and 7 ~~and chapter 32~~ are repealed on January 1, 2017.

Sec. 27. Section 44-7011, Arizona Revised Statutes, is amended to read:

44-7011. Notarization; acknowledgment

Notwithstanding title 41, chapter 2, article 2, if the law requires a signature or record to be notarized, acknowledged, verified or made under oath, that requirement is satisfied if a notary completes a notarial act on the electronic message or document. That notarial act on the electronic message or document is complete without the imprint of the notary's seal if all of the following apply:

1. The electronic message or document is signed pursuant to this chapter or section ~~41-132~~ 18-442 in the presence of a notary.

2. The notary confirms that the electronic signature on the electronic message or document is verifiably the electronic signature issued to the signer pursuant to this chapter or section ~~41-132~~ 18-442.

3. The notary electronically signs with an electronic signature that is consistent with this chapter, ~~any electronic notary law~~ TITLE 41, CHAPTER 2, ARTICLE 3 or any other applicable law.

4. The following information appears electronically within the message electronically signed by the notary:

(a) The notary's full name and commission number exactly as it appears on the notary's commission.

(b) The words "electronic notary public", "state of Arizona" and "my commission expires on (date)".

(c) The address of the notary's principal place of contact exactly as it appears on the notary's commission.

(d) The notary's e-mail or other electronic address exactly as it appears on the notary's commission.

Sec. 28. Section 44-7041, Arizona Revised Statutes, is amended to read:

44-7041. Creation; retention; conversion of written records

A. Each governmental agency shall determine if, and the extent to which, the governmental agency will create and retain electronic records and convert written records to electronic records. Any governmental agency that is subject to the management, preservation, determination of value and disposition of records requirements prescribed in sections 41-151.12,

41-151.13, 41-151.14, 41-151.15, 41-151.16, 41-151.17, 41-151.18 and 41-151.19 and the permanent public records requirements prescribed in section 39-101 shall comply with those requirements.

B. State agencies shall comply with the standards adopted by the department of administration pursuant to title ~~41~~ 18, chapter ~~32~~ 1.

C. All governmental agencies shall comply with the policies that are established by the secretary of state pursuant to section ~~41-132~~ 18-442 and that apply to the use of electronic signatures.

Sec. 29. Section 44-7042, Arizona Revised Statutes, is amended to read:

44-7042. Sending and accepting electronic records

A. Except as otherwise provided in section 44-7012, subsection E, each governmental agency shall determine if, and the extent to which, the governmental agency will send and accept electronic records and electronic signatures to and from other persons and otherwise create, generate, communicate, store, process, use and rely on electronic records and electronic signatures. State agencies shall comply with the appropriate standards and policies adopted or established by the department of administration pursuant to title ~~41~~ 18, chapter ~~32~~ 1 and the secretary of state pursuant to section ~~41-132~~ 18-442.

B. To the extent that a governmental agency uses electronic records and electronic signatures pursuant to subsection A of this section, the governmental agency after giving due consideration to security may specify:

1. The manner and format in which the electronic records must be created, generated, sent, communicated, received and stored and the systems established for those purposes.

2. If electronic records must be signed by electronic means, the type of electronic signature required, the manner and format in which the electronic signature must be affixed to the electronic record and the identity of or criteria that must be met by any third party used by a person filing a document to facilitate the process.

3. Control processes and procedures as appropriate to ensure adequate preservation, disposition, integrity, security, confidentiality and ability to perform audits of electronic records.

4. Any other required attributes for electronic records that are specified for corresponding nonelectronic records or that are reasonably necessary under the circumstances.

C. Except as otherwise provided in section 44-7012, subsection E, this chapter does not require a governmental agency to use or allow the use of electronic records or electronic signatures.

Sec. 30. Section 47-9525, Arizona Revised Statutes, is amended to read:

47-9525. Fees

A. Except as otherwise provided in subsection E of this section and except for a filing office described in section 47-9501, subsection A, paragraph 1, the fee for filing and indexing a record under this article, other than an initial financing statement of the kind described in section 47-9502, subsection C, is not more than nine dollars as provided in sections 18-441 AND 41-126 ~~and 41-127~~, if the record is communicated in writing or by any other medium authorized by filing office rule.

B. Except as otherwise provided in subsection E of this section, the fee for filing and indexing an initial financing statement of the kind described in section 47-9502, subsection C is not more than nine dollars as provided in sections 18-441 AND 41-126 ~~and 41-127~~ if the financing statement indicates that it is filed in connection with a manufactured home transaction.

C. The number of names required to be indexed does not affect the amount of the fee in subsections A and B of this section.

D. The fee for responding to a request for information from the filing office, including for issuing a certificate showing whether there is on file any financing statement naming a particular debtor, is not more than nine dollars as provided in sections 18-441 AND 41-126 ~~and 41-127~~ if the request is communicated in writing or by any other medium authorized by filing office rule.

E. This section does not require a fee with respect to a record of a mortgage that is effective as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut under section 47-9502, subsection C. However, the recording and satisfaction fees that otherwise would be applicable to the record of the mortgage apply.

F. The filing fee for filing, indexing and furnishing filing data about a statement of master amendment pursuant to section 47-9512, subsection F or master assignment pursuant to section 47-9514, subsection D is not more than four hundred fifty dollars plus fifty cents for each financing statement covered by the master statement in excess of fifty financing statements.

Sec. 31. Laws 2006, chapter 232, section 3 is amended to read:

Sec. 3. Conditional repeal; notice

A. ~~Title 44, chapter 32~~ SECTION 18-545, Arizona Revised Statutes, ~~as added by this act,~~ is repealed one year after the effective date of the federal personal data privacy and security act.

B. The attorney general shall notify in writing the director of the Arizona legislative council of this date.

APPROVED BY THE GOVERNOR MARCH 30, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 31, 2016.

Passed the House January 28, 2016

by the following vote: 57 Ayes,

0 Nays, 3 Not Voting

Speaker of the House

☐ Pro Tempore

Chief Clerk of the House

Passed the Senate March 24, 2016

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

29th day of March, 2016

at 3:37 o'clock P. M.

Secretary to the Governor

Approved this 30th day of

March

at 4:15 o'clock P M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 31 day of March, 2016

at 4:58 o'clock P M.

Secretary of State

H.B. 2013