STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

May 3, 2018

The Honorable Michele Reagan
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

Dear Secretary Reagan:

I am transmitting to you the following bills from the Fifty-third Legislature, 2nd Regular Session, which I signed on May 3, 2018:

SB 1520 general appropriations act; 2018-2019
SB 1522 capital outlay; appropriations; 2018-2019
SB 1523 criminal justice; budget reconciliation; 2018-2019
SB 1524 budget procedures; budget reconciliation; 2018-2019
SB 1525 environment; budget reconciliation; 2018-2019
SB 1527 higher education; budget reconciliation; 2018-2019
SB 1528 higher education; budget reconciliation; 2018-2019
SB 1529 revenues; budget reconciliation; 2018-2019
HB 2659 health; budget reconciliation; 2018-2019
HB 2663 K-12 education; budget reconciliation; 2018-2019

Sincerely,

Douglas A. Ducey
Governor
State of Arizona

cc: Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service

1700 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007
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Senate Engrossed

FILED

MICHELE REAGAN

SECRETARY OF STATE

State of Arizona
Senate
Fifty-third Legislature
Second Regular Session
2018

CHAPTER 277

SENATE BILL 1522

AN ACT

AMENDING LAWS 2014, CHAPTER 15, SECTION 5; AMENDING LAWS 2016, CHAPTER 126, SECTIONS 6 AND 8; REPEALING LAWS 2017, CHAPTER 306, SECTION 11; MAKING CAPITAL OUTLAY APPROPRIATIONS FOR THE DIFFERENT DEPARTMENTS OF THE STATE AND FOR STATE INSTITUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Laws 2014, chapter 15, section 5 is amended to read:

Sec. 5. Appropriation; department of veterans' services; veterans' home facility; exemption

A. The sum of $9,200,000 is appropriated from the state general fund in fiscal year 2014-2015 to the department of veterans' services for construction and establishment of a veterans' home facility in Yuma.

B. The amount appropriated in subsection A of this section is intended to be this state's share of the costs, and is not subject to expenditure for any purpose unless the department of veterans' services has irrevocable commitments from the United States government for funding ~~at least sixty-five per cent~~ A PORTION of the total costs.

C. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

D. The department of veterans' services shall submit the scope, purpose and estimated cost of the veterans' home facility in Yuma to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 2. Laws 2016, chapter 126, section 6 is amended to read:

Sec. 6. Appropriation; department of veterans' services; veterans' home; Flagstaff; exemption

A. The sum of $10,000,000 is appropriated from the state general fund in fiscal year 2016-2017 to the department of veterans' services for the establishment and construction of a veterans' home facility in Flagstaff.

B. The amount appropriated in subsection A of this section is intended to be this state's share of the costs of a veterans' home facility in Flagstaff. The department may not spend the appropriation for any purpose unless the department receives an irrevocable commitment from the United States government to fund ~~at least sixty-five percent~~ A PORTION of the total costs of a veterans' home facility in Flagstaff.

C. Before spending the appropriation in subsection A of this section, the department of veterans' services shall submit the scope, purpose and estimated cost of the veterans' home facility in Flagstaff to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

D. The appropriation 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. 3. Laws 2016, chapter 126, section 8 is amended to read:

Sec. 8. Appropriations; department of transportation; Interstate 10 projects; exemption from review; alternative use

A. The sum of $30,000,000 is appropriated from the ~~state general fund~~ FOLLOWING FUNDS in fiscal year 2016-2017 to the department of transportation for Interstate 10 widening projects: ~~. These~~

1. $17,246,500 FROM THE STATE GENERAL FUND.

2. $12,753,500 FROM THE STATE HIGHWAY FUND ESTABLISHED BY SECTION 28-6991, ARIZONA REVISED STATUTES.

B. THE monies APPROPRIATED IN SUBSECTION A OF THIS SECTION shall be combined with funding from the federal fostering advancements in shipping and transportation for the long-term achievement of national efficiencies grant to widen:

1. Interstate 10 from Earley Road to Interstate 8.

2. The Interstate 10 interchange with state route 87.

~~B.~~ C. Notwithstanding section 41-1252, Arizona Revised Statutes, the ~~appropriation~~ APPROPRIATIONS made in subsection A of this section ~~is~~ ARE not subject to review by the joint committee on capital review.

~~C.~~ D. Notwithstanding any other law or board policy related to the allocation of state highway fund discretionary monies, if the department of transportation does not receive a federal fostering advancements in shipping and transportation for the long-term achievement of national efficiencies grant, the ~~appropriation~~ APPROPRIATIONS made in subsection A of this section shall be placed in a subaccount of the state highway fund and used for statewide highway construction as part of the five year transportation facilities construction program established pursuant to section 28-6951, Arizona Revised Statutes.

Sec. 4. Repeal

Laws 2017, chapter 306, section 11 is repealed.

Sec. 5. Capital outlay appropriations; major maintenance and repair of state buildings; review; report

A. Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2018-2019 to be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with title 41, chapter 4, article 7, Arizona Revised Statutes. Of the amount appropriated to the department of administration, up to $275,000 in personal services and employee-related expenditures for up to five FTE positions may be allocated each fiscal year until the building renewal projects are completed. All other monies appropriated in this section may not be spent for personal services or employee-related expenditures or for maintenance contracts on building components and equipment without review by the joint committee on capital review.

B. DEPARTMENT OF ADMINISTRATION $11,000,000
Fund sources:
Capital outlay stabilization fund $11,000,000

The department of administration shall allocate the monies to state agencies for necessary building renewal. If monies in the capital outlay stabilization fund established by section 41-792.01, Arizona Revised Statutes, are insufficient to fund the appropriation to the department of administration for building renewal, the appropriation to the department of administration is reduced by the difference between the amount appropriated to the department of administration from the capital outlay stabilization fund and the balance in the capital outlay stabilization fund. Notwithstanding title 41, chapter 4, article 7, Arizona Revised Statutes, the department may use monies appropriated for building renewal in fiscal year 2018-2019 for building demolition.

On or before January 31, 2019 and May 30, 2019, the department of administration shall report to the joint legislative budget committee staff on the status of all building renewal projects and building renewal expenditures.

On or before November 15, 2018, the department of administration shall submit to the joint committee on capital review for its review a report on the department's plan to relocate state agencies on the capitol mall and to renovate capitol mall buildings. The report shall identify agencies selected to move from privately leased space and the planned disposition of vacant state buildings. The report shall include the number of FTE positions identified to relocate to the capitol mall and the total square footage needed to accommodate those FTE positions.

C. STATE DEPARTMENT OF CORRECTIONS $ 5,464,300
Fund source:
Department of corrections building renewal fund $ 5,464,300

On or before January 31, 2019 and July 31, 2019, the state department of corrections shall report to the joint legislative budget committee staff on the status of all building renewal projects and building renewal expenditures. The department may not spend any of this appropriation on personal services or overhead expenses related to managing the funded projects.

D. ARIZONA GAME AND FISH DEPARTMENT $ 981,400
Fund source:
Game and fish fund $ 981,400

On or before January 31, 2019 and July 31, 2019, the Arizona game and fish department shall report to the joint legislative budget committee staff on the status of all building renewal projects and building renewal expenditures.

E. ARIZONA STATE LOTTERY COMMISSION $ 126,300
Fund source:
State lottery fund $ 126,300
F. DEPARTMENT OF TRANSPORTATION $ 5,492,000
Fund sources:
State highway fund $ 5,250,000
State aviation fund $ 242,000

On or before January 31, 2019 and July 31, 2019, the department of transportation shall report to the joint legislative budget committee staff on the status of all building renewal projects and building renewal expenditures.

Sec. 6. Appropriation; department of administration; demolition; review

A. The sum of $1,000,000 is appropriated from the capital outlay stabilization fund established by section 41-792.01, Arizona Revised Statutes, in fiscal year 2018-2019 to the department of administration for the demolition of 1275 West Washington Street.

B. Before taking any action related to the demolition of 1275 West Washington Street, the department of administration shall submit the scope, purpose and estimated cost of the demolition to the joint committee on capital review for its review.

Sec. 7. Appropriation; department of administration; renovation; review

A. The sum of $10,000,000 is appropriated from the capitol mall consolidation fund established by section 41-792.01, Arizona Revised Statutes, in fiscal year 2018-2019 to the department of administration to renovate state-owned buildings.

B. Before spending the appropriation in subsection A of this section, the department of administration shall submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 8. Appropriation; department of emergency and military affairs; readiness center; review

A. The sum of $3,759,000 is appropriated from the state general fund in fiscal year 2018-2019 to the department of emergency and military affairs to construct a readiness center.

B. Before spending the appropriation in subsection A of this section, the department of emergency and military affairs shall submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 9. Appropriation; Arizona exposition and state fair board; capital improvements; review

A. The sum of $1,000,000 is appropriated from the Arizona exposition and state fair fund established by section 3-1005, Arizona Revised Statutes, in fiscal year 2018-2019 to the Arizona exposition and state fair board for capital improvements.

B. Before spending the appropriation in subsection A of this section, the Arizona exposition and state fair board shall submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 10. Appropriation; Arizona game and fish department; dam maintenance; review

A. The sum of $150,000 is appropriated from the capital improvement fund established by section 17-292, Arizona Revised Statutes, in fiscal year 2018-2019 to the Arizona game and fish department for dam maintenance.

B. Before spending the appropriation in subsection A of this section, the Arizona game and fish department shall submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 11. Appropriation; Arizona game and fish department; property maintenance; review

A. The sum of $300,000 is appropriated from the capital improvement fund established by section 17-292, Arizona Revised Statutes, in fiscal year 2018-2019 to the Arizona game and fish department for property maintenance.

B. Before spending the appropriation in subsection A of this section, the Arizona game and fish department shall submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 12. Appropriation; Arizona state parks board; Oracle state park; review

A. The sum of $4,000,000 is appropriated from the state parks revenue fund established by section 41-511.21, Arizona Revised Statutes, in fiscal year 2018-2019 to the Arizona state parks board for capital improvements to Oracle state park.

B. Before spending the appropriation in subsection A of this section, the Arizona state parks board shall submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 13. Appropriation; Arizona state parks board; Buckskin Mountain state park; review

A. The sum of $1,500,000 is appropriated from the state parks revenue fund established by section 41-511.21, Arizona Revised Statutes, in fiscal year 2018-2019 to the Arizona state parks board for capital improvements to Buckskin Mountain state park.

B. Before spending the appropriation in subsection A of this section, the Arizona state parks board shall submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 14. Appropriation; Arizona state parks board; capital improvements; review

A. The sum of $2,000,000 is appropriated from the state parks revenue fund established by section 41-511.21, Arizona Revised Statutes, in fiscal year 2018-2019 to the Arizona state parks board for capital improvements.

B. Before spending the appropriation in subsection A of this section, the Arizona state parks board shall submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 15. Appropriation; Arizona pioneers' home; capital improvements; review

A. The sum of $600,000 is appropriated from the miners' hospital for miners with disabilities land fund established by section 37-525, Arizona Revised Statutes, in fiscal year 2018-2019 to the Arizona pioneers' home for capital improvements.

B. Before spending the appropriation in subsection A of this section, the Arizona pioneers' home shall submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 16. Appropriation; department of public safety; remote housing replacement; review

A. The sum of $2,000,000 is appropriated from the following funds in fiscal year 2018-2019 to the department of public safety for remote housing replacement:

1. $1,200,000 from the state general fund.

2. $800,000 from the state highway fund established by section 28-6991, Arizona Revised Statutes.

B. Before spending the appropriation in subsection A of this section, the department of public safety shall:

1. Submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

2. Submit a report on the department's procurement process for new modular units to the joint committee on capital review for its review.

Sec. 17. Appropriation; department of transportation; truck barn; office; Keams Canyon; review

A. The sum of $1,790,000 is appropriated from the state highway fund established by section 28-6991, Arizona Revised Statutes, in fiscal year 2018-2019 to the department of transportation to construct a new truck barn and office in Keams Canyon.

B. Before spending the appropriation in subsection A of this section, the department of transportation shall submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 18. Appropriation; department of transportation; spreader rack bays; review

A. The sum of $1,720,000 is appropriated from the state highway fund established by section 28-6991, Arizona Revised Statutes, in fiscal year 2018-2019 to the department of transportation to replace and repair spreader rack bays at statewide locations.

B. Before spending the appropriation in subsection A of this section, the department of transportation shall submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 19. Appropriation; department of transportation; Kingman materials lab; review

A. The sum of $2,250,000 is appropriated from the state highway fund established by section 28-6991, Arizona Revised Statutes, in fiscal year 2018-2019 to the department of transportation to construct a new materials lab in Kingman.

B. Before spending the appropriation in subsection A of this section, the department of transportation shall submit the scope, purpose and estimated cost of the capital improvements to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 20. Appropriation; department of veterans' services; veterans' home; Flagstaff; exemption

A. The sum of $4,000,000 is appropriated from the state home for veterans trust fund established by section 41-608.01, Arizona Revised Statutes, in fiscal year 2018-2019 to the department of veterans' services.

B. Notwithstanding any other law, the amount appropriated in subsection A of this section shall be used only for construction costs for a veterans' home facility in Flagstaff.

C. Before spending the appropriation in subsection A of this section, the department of veterans' services shall submit the scope, purpose and estimated cost of the veterans' home facility in Flagstaff to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

D. The appropriation 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. 21. Appropriation; department of veterans' services; veterans' home; Yuma; exemption

A. The sum of $4,000,000 is appropriated from the state home for veterans trust fund established by section 41-608.01, Arizona Revised Statutes, in fiscal year 2018-2019 to the department of veterans' services.

B. Notwithstanding any other law, the amount appropriated in subsection A of this section shall be used only for construction costs for a veterans' home facility in Yuma.

C. Before spending the appropriation in subsection A of this section, the department of veterans' services shall submit the scope, purpose and estimated cost of the veterans' home facility in Yuma to the joint committee on capital review for its review pursuant to section 41-1252, Arizona Revised Statutes.

D. The appropriation 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. 22. Department of veterans' services; state home for veterans trust fund; veterans' home construction; use

Notwithstanding section 41-608.01, Arizona Revised Statutes, the department of veterans' services may use the amount appropriated to the department in fiscal year 2018-2019 from the state home for veterans trust fund established by section 41-608.01, Arizona Revised Statutes, to construct veterans' home facilities in Flagstaff and Yuma.

Sec. 23. Capital outlay appropriations; major capital projects; department of transportation; reports

	2018-2019
Department of transportation:	
1. Statewide highway construction	$363,017,000
Fund source:	
State highway fund	$363,017,000

The amount appropriated for highway construction is from the state highway fund established by section 28-6991, Arizona Revised Statutes, to

plan and construct state highways, including the national system of interstate highways within this state, the state primary or secondary system, the county primary or secondary system and urban rural routes, to acquire rights-of-way and to provide for the cost of contracted field administration and field engineering on construction projects and debt service payments on bonds issued for highway construction. Any balances and collections in the state highway fund that exceed the specific amounts appropriated in the general appropriations act and in this act are appropriated to the department for the purposes provided in this paragraph.

On or before November 1, 2018, the department of transportation shall report to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting on its actual prior year, estimated current year and upcoming budget year highway construction expenses from all fund sources, including appropriated monies, federal monies, local agency monies, state highway monies, bond proceeds and regional area road monies. The report shall be in the same format as in the prior year unless modifications have been approved by the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting.

On or before November 1, 2018, the department of transportation shall report capital outlay information for fiscal years 2017-2018, 2018-2019 and 2019-2020 to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting. This information shall appear in the same format as tables two, three and six, as found in the fiscal year 2017-2018 appropriations report.

On or before November 1, 2018, the department of transportation shall report the department's estimated outstanding debt principal balance at the end of fiscal year 2019-2020 and the estimated debt service payment amount for each of fiscal years 2019-2020, 2020-2021, 2021-2022 and 2022-2023 to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting. This report shall include state highway fund statewide construction bonds, Arizona highway user revenue fund bonds, Maricopa association of governments and Pima association of governments controlled access bonds, Maricopa regional area road fund bonds and grant anticipation notes and is intended to be comparable to the information in the fiscal year 2017-2018 appropriations report.

2. Airport planning and development $ 18,798,500

Fund source:

State aviation fund $ 18,798,500

The amount is appropriated from the state aviation fund established by section 28-8202, Arizona Revised Statutes, to plan, construct, develop and improve state, county, city or town airports as determined by the state transportation board. Any balances and collections in the state

aviation fund that exceed the specific amounts appropriated in the general appropriations act and in this act are appropriated to the department of transportation for the purposes provided in this paragraph.

Total appropriation - department of transportation	$381,815,500
Fund sources:	
State highway fund	$363,017,000
State aviation fund	$ 18,798,500

Sec. 24. Use of appropriations; limitation

Unless otherwise specified, the monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities.

Sec. 25. Lapsing; exemption; reversion

A. Notwithstanding section 35-190, Arizona Revised Statutes, the appropriation of $120,000 to repair the 1938 Works Progress Administration civic building on the state fair grounds made by Laws 2016, chapter 126, section 1 that remains unexpended on June 30, 2020 reverts to the fund from which the monies were appropriated.

B. Notwithstanding section 35-190, Arizona Revised Statutes, the appropriation of $3,867,000 to the Arizona game and fish department for capital improvements made by Laws 2016, chapter 126, section 4 that remains unexpended on June 30, 2019 reverts to the fund from which the monies were appropriated.

C. The appropriations made in section 23 of this act do not lapse until the purpose for which the respective appropriation was made has been accomplished or abandoned, or the appropriation stands for a full fiscal year without an expenditure or an encumbrance.

D. Except as provided in subsection C of this section and notwithstanding section 35-190, subsection D, Arizona Revised Statutes, the appropriations made in this act for fiscal year 2018-2019 that are unexpended on June 30, 2020 revert to the fund from which the monies were appropriated.

Sec. 26. JCCR review

Pursuant to section 41-1252, Arizona Revised Statutes, the joint committee on capital review shall review the scope, purpose and estimated cost of a new capital project that has an estimated cost of more than $250,000.

APPROVED BY THE GOVERNOR MAY 3, 2018

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 3, 2018

Passed the House May 3, 2018

by the following vote: 33 Ayes,

26 Nays, 1 Not Voting

Speaker of the House

Jim Drake

Chief Clerk of the House

Passed the Senate May 2, 2018,

by the following vote: 16 Ayes,

13 Nays, 1 Not Voting

President of the Senate

Susan Anenes

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

3rd day of May, 2018

at 3:28 o'clock P M.

Sherry Witt

Secretary to the Governor

Approved this 3rd day of

May, 2018,

at 5:08 o'clock P M.

Doug Ducey

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 3 day of May, 2018,

at 5:58 o'clock P. M.

Michele Reagan

Secretary of State

S.B. 1522