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

Senate Engrossed

FILED

MICHELE REAGAN

SECRETARY OF STATE

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

CHAPTER 279

SENATE BILL 1524

AN ACT

AMENDING SECTIONS 18-121, 18-401, 28-2351, 28-2402, 28-2473, 28-2474, 28-2475, 28-2481, 28-8423, 34-225, 35-101, 35-111, 35-113, 35-114, 35-115, 35-121, 35-122, 38-737, 38-803, 38-832, 38-840.01, 38-848, 38-848.02, 38-866 AND 38-883, ARIZONA REVISED STATUTES; REPEALING SECTION 40-443, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 4, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-708; AMENDING SECTIONS 41-714, 41-750 AND 41-791.02, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 4, ARTICLE 7, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-792.02; AMENDING SECTION 41-1279, ARIZONA REVISED STATUTES; REPEALING SECTION 41-1361, ARIZONA REVISED STATUTES; AMENDING SECTIONS 41-1362, 41-1363, 41-1364 AND 41-1365, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO STATE BUDGET PROCEDURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 18-121, Arizona Revised Statutes, is amended to read:

18-121. Information technology authorization committee; members; terms; duties; compensation; definition

A. The information technology authorization committee is established consisting of the following members:

1. One member of the house of representatives who is appointed by the speaker of the house of representatives and who shall serve as an advisory member.

2. One member of the senate who is appointed by the president of the senate and who shall serve as an advisory member.

3. Four members from private industry who are appointed by the governor pursuant to section 38-211, or their designees, and who are knowledgeable in information technology.

4. One local government member and one federal government member who are appointed by the governor and who shall serve as advisory members.

5. Two members who are directors of state agencies and who are appointed by the governor, or their designees.

6. The administrative director of the courts or the director's designee.

7. The director of the department of administration or the director's designee, who shall be the chairperson of the committee but for all other purposes shall serve as an advisory member.

8. Two members from either private industry or state government who are appointed by the governor, or their designees.

9. The staff director of the joint legislative budget committee, or the staff director's designee, who shall serve as an advisory member.

B. Committee members who are from private industry serve two-year terms. The other members serve at the pleasure of their appointing officers.

C. For all budget units and the legislative and judicial branches of state government, the committee shall:

1. Review established statewide information technology standards and the statewide information technology plan.

2. Review the minimum qualifications established by the director for each position authorized for the department for information technology.

3. Approve or disapprove all proposed information technology projects, including project changes and contract amendments, that exceed a total cost of one million dollars, excluding public monies from county, municipal and other political subdivision sources that are not deposited in a state fund. THE COMMITTEE SHALL ALSO APPROVE OR DISAPPROVE ANY PROPOSED INFORMATION TECHNOLOGY PROJECT INVOLVING MORE THAN ONE BUDGET UNIT IF THE COLLECTIVE TOTAL DEVELOPMENT COST OF THE PROJECT IS EXPECTED

TO BE MORE THAN ONE MILLION DOLLARS. As part of a budget request for an information technology project that has total costs of more than one million dollars, a budget unit and the legislative and judicial branches of state government shall indicate the status of review by the committee. Projects shall not be artificially divided to avoid review by the committee.

4. Develop a report format that incorporates the ~~life cycle~~ LIFE-CYCLE analysis for use in submitting project requests to the committee.

5. Require expenditure and activity reports from a budget unit or the legislative or judicial branch of state government on implementing information technology projects approved by the committee.

6. Conduct periodic reviews on the progress of implementing information technology projects approved by the committee.

7. Monitor information technology projects that the committee considers to be major or critical.

8. Temporarily suspend the expenditure of monies if the committee determines that the information technology project is at risk of failing to achieve its intended results or does not comply with the requirements of this chapter.

9. Hear and decide appeals made by budget units regarding the department's rejection of their proposed information technology plans or projects.

10. Report to the governor, the speaker of the house of representatives, the president of the senate and the secretary of state at least annually on all matters concerning its objectives. This includes:

(a) Its review of the statewide information technology plan developed by the department.

(b) The findings and conclusions of its periodic reviews.

(c) Its recommendations on desirable legislation relating to information technology.

11. Adopt rules it deems necessary or desirable to further the objectives and programs of the committee.

D. The committee shall meet at the call of the chairperson.

E. Members of the committee are not eligible to receive compensation but are eligible to receive reimbursement for expenses pursuant to title 38, chapter 4, article 2.

F. For the purposes of this section, "advisory member" means a member who gives advice to the other members of the committee at committee meetings but who is not eligible to vote and is not a member for purposes of determining whether a quorum is present.

Sec. 2. Section 18-401, Arizona Revised Statutes, is amended to read:

18-401. Information technology fund

A. The information technology fund is established for use by the department and the committee. Monies in the fund are subject to legislative appropriation.

B. State agencies THAT ARE subject to section 41-750, all budget units and the legislative and judicial branches of state government shall contribute a pro rata share of the overall cost of information technology services provided by the department or committee. The pro rata share is payable by payroll fund source, and the resultant amount shall be deposited in the information technology fund. For all budget units and the legislative and judicial branches of state government, the pro rata share ~~shall be .20 per cent~~ IS .30 PERCENT of the total payroll. Total payroll includes all fund sources, including the state general fund, federal monies, special revenue funds, intergovernmental revenue monies, trust funds and other payroll fund sources.

C. A claim for the pro rata share percentage payment shall be submitted according to the fund source, with the accompanying payroll, to the department of administration for deposit in the information technology fund.

D. Notwithstanding section 35-190, monies in the information technology fund do not revert to the state general fund at the end of each fiscal year.

Sec. 3. Section 28-2351, Arizona Revised Statutes, is amended to read:

28-2351. License plate provided; design

A. NOTWITHSTANDING ANY OTHER LAW, the department shall provide to every owner one license plate for each vehicle registered. At the request of the owner and on payment of ~~any required~~ A fee IN AN AMOUNT PRESCRIBED BY THE DIRECTOR BY RULE, the department shall provide ~~either~~ one ~~or two~~ ADDITIONAL license ~~plates~~ PLATE for a vehicle for which a special plate is requested pursuant to this chapter~~, except that the department shall provide one license plate if the special plate is issued pursuant to section 28-2416 or 28-2416.01~~.

B. The license plate shall display the number assigned to the vehicle and to the owner of the vehicle and the name of this state, which may be abbreviated. The director shall coat the license plate with a reflective material that is consistent with the determination of the department regarding the color and design of license plates and special plates. The director shall design the license plate and the letters and numerals on the license plate to be of sufficient size to be plainly readable during daylight from a distance of one hundred feet. In addition to the standard license plate issued for a trailer before August 12, 2005, the director shall issue a license plate for trailers that has a design

that is similar to the standard size license plate for trailers but that is the same size as the license plate for motorcycles. The trailer owner shall notify the department which size license plate the owner wants for the trailer.

C. Notwithstanding any other law, the department shall not contract with a nongovernmental entity to purchase or secure reflective material for the plates issued by the department unless the department has made a reasonable effort to secure qualified bids or proposals from as many individual responsible respondents as possible.

D. The department shall determine the color and design of the license plate. All other plates issued by the department, except the plates issued pursuant to sections 28-2404, 28-2412, 28-2413, 28-2414, 28-2416, 28-2416.01, 28-2417 through 28-2462, 28-2472, 28-2473, 28-2474, 28-2475 and 28-4533 and article 14 of this chapter, shall be the same color as and similar in design to the license plate as determined by the department.

E. A passenger motor vehicle THAT IS rented without a driver shall receive the same type of license plate as IS issued for a private passenger motor vehicle.

Sec. 4. Section 28-2402, Arizona Revised Statutes, is amended to read:

28-2402. Special plate fees

The following fees are required:

1. Twenty-five dollars for each ~~pair of~~ original and for each annual renewal of special plates issued under this article, except special plates for hearing impaired persons issued under section 28-2408 and international symbol of access special plates issued under section 28-2409.

2. Twelve dollars for a transfer of special plates, unless exempt pursuant to section 28-2403.

Sec. 5. Section 28-2473, Arizona Revised Statutes, is amended to read:

28-2473. Former prisoner of war license plates; fees

A. The department shall issue distinctive license plates to:

1. A person, other than a person who was discharged from the armed forces under conditions less than honorable, who submits satisfactory proof to the department that the person was captured and incarcerated by an enemy of the United States during a period of conflict with the United States.

2. The immediate family member of a person who has been issued a license plate pursuant to this section.

B. For each ~~pair of~~ original license ~~plates~~ PLATE issued pursuant to this section, the department shall collect a fee of fifteen dollars in addition to the registration fee required by section 28-2003. For each annual renewal of license plates issued pursuant to this section, the

department shall charge a fee of five dollars in addition to the registration fee required by section 28-2003. The department shall deposit, pursuant to sections 35-146 and 35-147, the fifteen dollar fee as a donation in the veterans' donations fund established by section 41-608.

Sec. 6. Section 28-2474, Arizona Revised Statutes, is amended to read:

28-2474. Purple heart medal recipient license plates; fees

A. The department shall issue distinctive license plates to:

1. A person who submits satisfactory proof to the department that the person is a veteran and a bona fide purple heart medal recipient.

2. The immediate family member of a person who has been issued a license plate pursuant to this section.

B. For each ~~pair of~~ original license ~~plates~~ PLATE issued pursuant to this section, the department shall collect a fee of twenty-five dollars in addition to the registration fee required by section 28-2003. For each annual renewal of license plates issued pursuant to this section, the department shall charge a fee of five dollars in addition to the registration fee required by section 28-2003. The department shall deposit, pursuant to sections 35-146 and 35-147, the twenty-five dollar fee as a donation in the veterans' donations fund established by section 41-608.

Sec. 7. Section 28-2475, Arizona Revised Statutes, is amended to read:

28-2475. Pearl Harbor survivor license plates; fees

A. The department shall issue distinctive license plates to:

1. A person who submits satisfactory proof from the department of veterans' services to the department of transportation that all of the following are true:

(a) The person was a member of the United States armed forces on December 7, 1941.

(b) The person received an honorable discharge from the United States armed forces.

(c) The person was on station on December 7, 1941 during the hours of 7:55 a.m. to 9:45 a.m. Hawaii time at Pearl Harbor, the island of Oahu or offshore at a distance not exceeding three miles.

2. The immediate family member of a person who has been issued a license plate pursuant to this section.

B. For each ~~pair of~~ original license ~~plates~~ PLATE issued pursuant to this section, the department shall collect a fee of twenty-five dollars in addition to the registration fee required by section 28-2003. For each annual renewal of license plates issued pursuant to this section, the department shall charge a fee of five dollars in addition to the registration fee required by section 28-2003. The department shall deposit, pursuant to sections 35-146 and 35-147, the twenty-five dollar

fee as a donation in the veterans' donations fund established by section 41-608.

Sec. 8. Section 28-2481, Arizona Revised Statutes, is amended to read:

28-2481. Historic value license plate fees

In addition to the payment of all other fees required by law, the following fees are required for license plates issued pursuant to this article:

1. For each ~~pair of~~ original license ~~plates~~ PLATE, twenty-five dollars.

2. For each annual renewal of the license ~~plates~~ PLATE, ten dollars.

Sec. 9. Section 28-8423, Arizona Revised Statutes, is amended to read:

28-8423. Airport land lease; nonprofit corporation

A. If the department, in the operation and maintenance of the Grand Canyon national park airport, or if a city, town or county has leased or leases land owned by it to a nonprofit corporation for airport or air terminal purposes pursuant to a lease agreement that provides that title to all buildings, structures and additions made or added to the leased premises by the nonprofit corporation vests in the state, city, town or county in the manner and subject to the restrictions contained in the agreement, the agreement as it exists or as it may be amended, renewed or extended is binding and effective pursuant to its terms.

B. An amendment, renewal or extension to the agreement is binding and effective if the agreement complies with section 28-8425, subsection A, paragraph 1 whether or not:

1. It resulted or results in a renewal or extension of the original term in excess of twenty-five years.

2. Any bidding, notice or other requirements of section 28-8425 have or have not been met.

C. If a lease between the department and a nonprofit corporation for the operation and maintenance of the Grand Canyon national park airport is terminated, the department may spend any airport revenues, including both those unexpended and unencumbered revenues returned by the lessee and those revenues received after the termination of the lease for the operation of the airport, until the airport is leased to another nonprofit corporation or for the remainder of the then current ~~biennial~~ budget cycle, whichever occurs first.

Sec. 10. Section 34-225, Arizona Revised Statutes, is amended to read:

34-225. Governmental mall; private and public development; construction contracts; limitations

A political subdivision of ~~the~~ THIS state may not authorize, pursuant to its planning and zoning or other powers, the private or public

development of structures or sites or award a construction contract for new buildings or improvements within the governmental mall ~~comprised~~ COMPOSED of the area described in section 41-1362 without a request for permission from, and written approval by, the ~~legislative governmental mall commission~~ DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION.

Sec. 11. Section 35-101, Arizona Revised Statutes, is amended to read:

35-101. Definitions

In this chapter, unless the context otherwise requires:

1. "Allotment" means the allocation of an appropriation or other fund source over a full fiscal year within a budget program or expenditure class.

~~2. "Annual budget unit" means the following agencies:~~

~~(a) The department of education.~~

~~(b) The Arizona board of regents.~~

~~(c) Arizona state university.~~

~~(d) The university of Arizona.~~

~~(e) Northern Arizona university.~~

~~(f) The school facilities board.~~

~~(g) The department of economic security.~~

~~(h) The state department of corrections.~~

~~(i) The department of juvenile corrections.~~

~~(j) The Arizona health care cost containment system.~~

~~(k) The department of health services.~~

~~(l) The department of administration.~~

~~(m) The department of transportation.~~

~~(n) The judiciary, including the supreme court, the court of appeals and the superior court.~~

~~(o) The department of child safety.~~

~~3.~~ 2. "Authorized agent" means a commercial enterprise that is contracted to process transactions on behalf of a state agency.

~~4. "Biennial budget unit" means any department, commission, board, institution or other agency of the state organization receiving, expending or disbursing state funds or incurring obligations against the state that is not an annual budget unit.~~

~~5.~~ 3. "Budget estimates" means statements with accompanying explanations, as provided by this chapter, in which a budget unit states its financial requirements and requests appropriations.

~~6.~~ 4. "Budget program" means functions and activities of a budget unit or within a budget unit that are preplanned to fulfill a distinct mission.

~~7.~~ 5. "Budget unit" means any department, commission, board, institution or other agency of ~~the~~ THIS state ~~organization~~ receiving, expending or disbursing state ~~funds~~ MONIES or incurring obligations

against ~~the~~ THIS state. ~~Budget unit includes the annual budget units and biennial budget units.~~

~~8.~~ 6. "Cardholder" means any person:

(a) Named on the face of a credit card to whom or for whose benefit the credit card is issued by an issuer.

(b) In possession of a credit card with the consent of the person to whom the credit card was issued.

~~9.~~ 7. "Claim" means a demand against the state for payment for either:

(a) Goods delivered or, in the case of highway construction, goods or facilities to be delivered by the federal government.

(b) Services performed.

~~10.~~ 8. "Convenience fee" means an additional fee that is imposed by an authorized agent on a web-based or voice response portal transaction for the acceptance of a credit card that would not be charged if the same transaction were completed by an alternate method of payment.

~~11.~~ 9. "Credit card" means:

(a) Any instrument or device, whether known as a credit card, charge card, credit plate, courtesy card or identification card or by any other name, that is issued with or without a fee by an issuer for the use of the cardholder in obtaining money, goods, services or anything else of value, either on credit or in possession or in consideration of an undertaking or guaranty by the issuer of the payment of a check drawn by the cardholder, on a promise to pay in part or in full at a future time, whether or not all or any part of the indebtedness represented by this promise to make deferred payment is secured or unsecured.

(b) Any debit card, electronic benefit transfer card or other access instrument or device, other than a check that is signed by the holder or other authorized signatory on the deposit account, that draws monies from a deposit account in order to obtain money, goods, services or anything else of value.

(c) Any stored value card, smart card or other instrument or device that enables a person to obtain goods, services or anything else of value through the use of value stored on the instrument or device.

(d) The number assigned to an instrument or device described in subdivision (a), (b) or (c) of this paragraph even if the physical instrument or device is not used or presented.

~~12.~~ 10. "Discount fee" means the fee that is calculated and charged by the credit card issuer or a financial institution pursuant to an agreement for the processing of any credit card transaction.

~~13.~~ 11. "Encumbrance" means an obligation in the form of any purchase order, contract or other commitment that is chargeable to an appropriation or any other authorized fund source and for which a part of the fund source is reserved. It ceases to be an encumbrance when paid or canceled.

~~14.~~ 12. "Expenditure class" means one of the kinds of expenditure denoting a class of services or commodities purchased or properties acquired as specified in the classification of expenditures prescribed by the director of the department of administration for use in expenditure accounting, in making budget estimates and in the budget reports and budgets.

~~15.~~ 13. "Issuer" means any business organization, state agency or financial institution, or its duly authorized agent, that issues a credit card.

~~16.~~ 14. "Prepayment" means the payment of a claim before receiving the goods or services.

~~17.~~ 15. "Processing fee" means a fee that is charged by an entity other than a credit card issuer or the processing financial institution to process a credit card transaction.

~~18.~~ 16. "Purchase order" means a document that is signed by the appropriate agency authorized signatory, that requests a vendor to deliver described goods or services at a specific price and that on delivery and acceptance of the goods or services by this state becomes an obligation of this state.

~~19.~~ 17. "Service fee or surcharge" means a fee, whether fixed or variable, that is in addition to the transaction amount, that is charged by a state agency when the state agency accepts a credit card for payment and that is necessary for the state agency to process the payment.

~~20.~~ 18. "Transaction amount" means the total amount due to the state for any goods, service or license or anything else of value.

Sec. 12. Section 35-111, Arizona Revised Statutes, is amended to read:

35-111. Executive budget

~~Every year for annual budget units and biennially in odd-numbered years for biennial budget units,~~ Not later than five days after the regular session of the legislature convenes, the governor shall submit to the legislature a budget containing a complete plan of expenditures proposed to be made before the close of the ~~two ensuing fiscal years for biennial budget units and for the~~ next fiscal year for ~~annual~~ budget units and all monies and revenues estimated to be available therefor, together with an explanation of the basis of the estimates and recommendations as to proposed legislation, if any, ~~which~~ THAT the governor deems necessary to provide revenues sufficient to meet the proposed expenditures. ~~The plan shall delineate each fiscal year separately. Not later than five days after the regular session of the legislature convenes in even-numbered years, the governor may submit to the legislature any proposed revisions to the enacted budgets for the current and ensuing fiscal years. The plan shall include an estimate of all available monies and revenues and an explanation for any changes to the enacted budgets.~~

Sec. 13. Section 35-113, Arizona Revised Statutes, is amended to read:

35-113. Submission of budget estimates

~~Every year for annual budget units and biennially in even-numbered years for biennial budget units,~~ The ADMINISTRATIVE head of each budget unit, not later than September 1 OF EACH YEAR or at a later date not to exceed thirty days after September 1 if approved by the director of the governor's office of strategic planning and budgeting, shall submit to the governor, with five copies, estimates of the financial requirements and of receipts, including appropriated and nonappropriated monies in no less detail than the state general fund, of the budget unit ~~for the next two ensuing fiscal years for biennial budget units and~~ for the next fiscal year ~~for annual budget units~~. The estimates shall be on the forms and in the manner prescribed by the governor with explanatory data that may be required, together with additional information the head of the budget unit desires to submit. ~~The governor may require biennial budget units to submit budget estimates more often than every two years.~~ The ~~estimate so~~ ESTIMATES submitted shall bear the approval of the administrative head of the budget unit.

Sec. 14. Section 35-114, Arizona Revised Statutes, is amended to read:

35-114. Continuous financial planning; submission of tentative budget report; appropriations estimate report

A. The governor shall have in continuous process of preparation and revision a tentative budget report ~~for the next two ensuing years for biennial budget units and~~ for the next fiscal year for ~~annual~~ budget units ~~for which a budget report is required to be prepared~~. ~~Upon~~ ON receipt of the estimates of the several budget units, the governor shall check the estimates with information available to the governor and shall make further inquiries and investigations and recommend changes in the tentative budget report the governor deems warranted.

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

Sec. 15. Section 35-115, Arizona Revised Statutes, is amended to read:

35-115. Contents of budget report

Each budget report ~~as~~ required by section ~~35-111~~ 35-114 shall include the following:

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

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

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

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

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

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

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

5. A summary statement of expenditures and full-time equivalent positions for each retirement system, delineated by fund source.

6. Each fiscal year for ~~annual~~ budget units ~~and biennially for biennial budget units~~, A delineation of requested expenditures for

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

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

Sec. 16. Section 35-121, Arizona Revised Statutes, is amended to read:

35-121. Format of appropriations

The format of the appropriations for the support and maintenance of state departments and institutions shall be for each fiscal year for ~~the annual~~ ALL budget units~~, and for the biennial budget units, for two fiscal years, itemized separately for each fiscal year~~.

Sec. 17. Section 35-122, Arizona Revised Statutes, is amended to read:

35-122. Budget unit program lists; strategic plans; operating plans; compilation and publishing of master list

A. Consistent with instructions issued by the governor, the administrative head of each budget unit is responsible for developing a list of programs for the budget unit. For the purposes of this section, a program may include a subprogram as determined by the governor's office of strategic planning and budgeting and the staff of the joint legislative budget committee. In consultation with the staff of the joint legislative budget committee, the governor's office of strategic planning and budgeting may modify the list of programs submitted by each budget unit.

B. Consistent with instructions issued by the governor, the administrative head of each executive branch budget unit is responsible for developing a five-year strategic plan for the budget unit. The strategic plan shall be updated annually. The plan shall contain strategic issues, a mission statement, a description, strategies and resource assumptions. The resource assumptions shall include the number of full-time equivalent positions and budgetary data, including all funding sources categorized by STATE general fund, other appropriated funds, nonappropriated funds and federal funds that are required to

support the strategic plan. The agency shall also provide an executive summary of the strategic plan. The executive summary shall not exceed five pages in length. The strategic plan, including the executive summary, shall be posted on the agency's official internet website and submitted to the governor's office of strategic planning and budgeting and to the staff of the joint legislative budget committee on or before January 1 of each year.

C. Consistent with instructions issued by the governor, the administrative head of each budget unit is responsible for:

1. Developing an operating plan for each program identified in subsection A of this section. The plan shall use the format required in subsection D of this section and be submitted to the governor's office of strategic planning and budgeting on or before September 1 of each year. Each ~~year annual~~ budget ~~units~~ UNIT shall ANNUALLY submit performance measures and budgetary data for the prior, current and ensuing fiscal ~~year~~ YEARS.

2. Developing a mission statement, a description and strategic issues for the entire budget unit as part of the operating plan to be submitted to the governor's office of strategic planning and budgeting on or before September 1 of each year. The mission statement, description and strategic issues shall be submitted at the same time to the staff of the joint legislative budget committee.

D. The operating plan shall include a mission statement, a description, goals, performance measures that emphasize results and budgetary data. The budgetary data shall include funding amounts, regardless of source.

E. The governor's office of strategic planning and budgeting shall compile the submissions required in subsection C, paragraphs 1 and 2 of this section~~;~~ and, ~~no~~ NOT later than five days after the regular session of the legislature convenes of each even-numbered year, shall publish a master list of programs that are performed or overseen by state government. The master list shall include the program description, agency description, mission statement, strategic issues, goals, performance measures and budgetary data.

Sec. 18. Section 38-737, Arizona Revised Statutes, is amended to read:

38-737. Employer contributions

A. Employer contributions shall be a percentage of compensation of all employees of the employers, excluding the compensation of those employees who are members of the defined contribution program administered by ASRS, as determined by the ASRS actuary pursuant to this section for June 30 of the fiscal year immediately preceding the preceding fiscal year, except that beginning with fiscal year 2001-2002 the contribution rate shall not be less than two percent of compensation of all employees of the employers. Beginning July 1, 2011 through June 29, 2016, the total

employer contribution shall be determined on the projected unit credit method. Beginning June 30, 2016, the board shall determine the actuarial cost method pursuant to section 38-714. The total employer contributions shall be equal to the employer normal cost plus the amount required to amortize the past service funding requirement over a period that is determined by the board and consistent with generally accepted actuarial standards. In determining the past service funding period, the board shall seek to improve the funded status whenever the ASRS trust fund is less than one hundred percent funded.

B. All contributions made by the employer and allocated to the fund established by section 38-712 are irrevocable and shall be used as benefits under this article or to pay expenses of ASRS.

C. The required employer contributions shall be determined on an annual basis by an actuary who is selected by the board and who is a fellow of the society of actuaries. ASRS shall provide by December ~~15~~ 1 of each fiscal year to the governor, the speaker of the house of representatives and the president of the senate the contribution rate for the ensuing fiscal year and the unfunded actuarial accrued liability, the funded status based on the actuarial value of assets and market value of assets and the annualized rate of return and the ten-year rate of return as of June 30 of the prior fiscal year.

Sec. 19. Section 38-803, Arizona Revised Statutes, is amended to read:

38-803. Powers and duties of the board

A. The board, in the administration, management and operation of the plan and fund, shall:

1. Account for the operation, administration and investment expenses and allocate them against investment income.

2. Contract on a fee basis with an actuary to make an actuarial valuation of the plan based on the valuation method and valuation assumptions recommended by the actuary and approved by the board. The actuary shall be a member of the American academy of actuaries.

3. Contract on a fee basis with an independent auditing firm to make an annual audit of the accounting records of the fund and file a copy of the audit with the auditor general.

4. Invest the monies in the fund as provided in article 4 of this chapter.

5. Within a period of six months after the close of each fiscal year, submit a detailed report of the operation and the investment performance of the plan to the governor, the legislature and the members of the plan.

6. By November 1 of each year provide a preliminary report and by December ~~15~~ 1 of each year provide a final report to the governor, the speaker of the house of representatives and the president of the senate on the contribution rate for the ensuing fiscal year.

B. The board, in the administration, management and operation of the plan and fund, may:

1. Employ services as it deems necessary.

2. Either keep invested monies separate or commingle invested monies as it deems appropriate.

3. Delegate authority as it deems necessary and prudent to the administrator employed pursuant to section 38-848, subsection M, paragraph 6.

4. Do all acts, whether expressly authorized, ~~which may be~~ THAT ARE deemed necessary or proper for the protection of the fund.

Sec. 20. Section 38-832, Arizona Revised Statutes, is amended to read:

38-832. Defined contribution system; annual report; quarterly statements

A. The board shall establish, design and administer a defined contribution system to provide for the retirement of elected officials.

B. The purpose of this article is to provide a defined contribution system that is fully funded on a current basis from employer and member contributions.

C. The legislature intends that the defined contribution system for members under this article be designed to be a qualified government plan under section 401(a) of the internal revenue code, as amended, or successor provisions of law, and be exempt from taxation under section 501 of the internal revenue code. The board may adopt any additional provisions to the defined contribution system that are necessary to fulfill this intent. On or before December 31, 2013, the board shall submit to the internal revenue service a request for a determination letter that the defined contribution system is a plan qualified under section 401(a) of the internal revenue code and a private letter ruling that all member contributions that are picked up by the employer as provided in section 38-833 shall be treated as employer contributions pursuant to section 414(h) of the internal revenue code.

D. The board may:

1. Employ the services of the third-party administrator that is contracted on ~~the effective date of this section~~ SEPTEMBER 13, 2013 to administer the supplemental defined contribution plan pursuant to article 8 of this chapter to also administer the defined contribution system.

2. Employ other services it deems necessary, including legal services, for the operation and administration of the defined contribution system.

3. Perform all acts, whether or not expressly authorized, that it deems necessary and proper for the operation and protection of the system.

E. The board shall adopt policies regarding the defined contribution system, including the administration of the member and employer contributions, investment options, termination in the defined

contribution system, the administration of the payout options under the defined contribution system and the administration of the member distributions.

F. On receipt of the determination letter and private letter ruling from the internal revenue service, the board shall participate in a competitive bid process at least once every five years to contract with a private person or any qualified company or companies to administer the defined contribution system established under this section.

G. Any contract for a third-party administrator of the defined contribution system shall include competitive fees, quarterly meetings with the public safety personnel retirement system, annual updates to the board on the status of the defined contribution system and quarterly statements to each member. On or before December ~~31~~ 1 of each year, the board shall report the status of the defined contribution system to the governor, the president of the senate, the speaker of the house of representatives and the joint legislative budget committee.

Sec. 21. Section 38-840.01, Arizona Revised Statutes, is amended to read:

38-840.01. EODC disability program; administration; power and duties of the board; hearing

A. The elected officials' defined contribution retirement system disability program is established for members of the elected officials' defined contribution retirement system. The board shall administer the EODC disability program.

B. The board may delegate authority to administer the program as it deems necessary and prudent to the administrator employed pursuant to section 38-848.

C. The board, in the administration, management and operation of the program, shall:

1. Account for the operation, administration and investment expenses and allocate them against investment income.

2. Contract on a fee basis with an actuary to make an actuarial valuation of the program based on the valuation method and valuation assumptions recommended by the actuary and approved by the board. The actuary shall be a member of the American academy of actuaries.

3. Contract on a fee basis with an independent auditing firm to make an annual audit of the accounting records of the EODC DISABILITY PROGRAM TRUST fund and file a copy of the audit with the auditor general.

4. Invest the monies in the EODC DISABILITY PROGRAM TRUST fund as provided in article 4 of this chapter.

5. On or before December ~~31~~ 1 of each year, submit to the governor, the speaker of the house of representatives and the president of the senate a detailed report of the operation and the investment performance of the program that includes the contribution rate for the ensuing fiscal year.

D. The board, in the administration, management and operation of the program, may:

1. Employ services as it deems necessary.

2. Either keep invested monies separate or commingle invested monies as it deems appropriate.

3. Do all acts, whether expressly authorized, that may be deemed necessary or proper for the protection of the EODC DISABILITY PROGRAM TRUST fund.

4. Determine the rights, benefits or obligations of any person under this article and afford any person dissatisfied with a determination of the person's rights, benefits or obligations under this article with a hearing on the determination.

Sec. 22. Section 38-848, Arizona Revised Statutes, is amended to read:

38-848. Board of trustees; powers and duties; independent trust fund; administrator; agents and employees; advisory committee

A. Beginning January 1, 2017, the board of trustees shall consist of nine members and shall have the rights, powers and duties that are set forth in this section. The term of office of members shall be five years to expire on the third Monday in January of the appropriate year. The board shall select a chairperson from among its members each calendar year. Members are eligible to receive compensation in an amount of fifty dollars a day, but not to exceed one thousand dollars in any one fiscal year, and are eligible for reimbursement of expenses pursuant to chapter 4, article 2 of this title. Beginning January 1, 2017, the board consists of the following members appointed as follows:

1. Two members representing law enforcement, one of whom is appointed by the president of the senate and one of whom is appointed by the governor. A statewide association representing law enforcement in this state shall forward nominations to the appointing elected officials, providing at least three nominees for each position. At least one of the members appointed under this paragraph shall be an elected local board member.

2. Two members representing firefighters, one of whom is appointed by the speaker of the house of representatives and one of whom is appointed by the governor. A statewide association representing firefighters in this state shall forward nominations to the appointing elected officials, providing at least three nominees for each position. At least one of the members appointed under this paragraph shall be an elected local board member.

3. Three members representing cities and towns in this state, one of whom is appointed by the president of the senate, one of whom is appointed by the speaker of the house of representatives and one of whom is appointed by the governor. An association representing cities and

towns in this state shall forward nominations to the appointing elected officials, providing at least three nominees for each position. These nominees shall represent taxpayers or employers and may not be members of the system.

4. One member who represents counties in this state and who is appointed by the governor. An association representing county supervisors in this state shall forward nominations to the governor, providing at least three nominees for the position. These nominees shall represent taxpayers or employers and may not be members of the system.

5. One member who is appointed by the governor from a list of three nominees forwarded by the board. The board shall select the nominees to forward to the governor from a list of at least five nominees received from the advisory committee.

B. Each appointment made pursuant to subsection A of this section shall be chosen from the list of nominees provided to the appointing elected official. For any appointment made by the governor pursuant to subsection A of this section, before appointment by the governor, a prospective member of the board shall submit a full set of fingerprints to the governor for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. The department of public safety may exchange this fingerprint data with the federal bureau of investigation. A board member may be reappointed. Notwithstanding section 38-295, a board member may be removed from office only for cause by the appointing power or because the board member has vacated the member's seat on the board. A board member who is removed for cause shall be provided written notice and an opportunity for a response. The appointing power may remove a board member based on written findings that specify the reason for removal. Any vacancy that occurs other than by expiration of a term shall be filled for the balance of the term. All vacancies shall be filled in the same manner as the initial appointment. A board member vacates the office if the member either:

1. Is absent without excuse from three consecutive regular meetings of the board.

2. Resigns, dies or becomes unable to perform board member duties.

C. The members of the board who are appointed pursuant to subsection A of this section and who are not members of the system shall be independent, qualified professionals who are responsible for the performance of fiduciary duties and other responsibilities required to preserve and protect the fund and shall have at least ten years' substantial experience as any one or a combination of the following:

1. A portfolio manager acting in a fiduciary capacity.

2. A securities analyst.

3. A senior executive or principal of a trust institution, investment organization or endowment fund acting either in a management or an investment-related capacity.

4. A chartered financial analyst in good standing as determined by the chartered financial analyst institute.

5. A current or former professor or instructor at the college or university level in the field of economics, finance, actuarial science, accounting or pension-related subjects.

6. An economist.

7. Any other senior executive engaged in the field of public or private finances or with experience with public pension systems.

8. A senior executive in insurance, banking, underwriting, auditing, human resources or risk management.

D. All monies in the fund shall be deposited and held in a public safety personnel retirement system depository. Monies in the fund shall be disbursed from the depository separate and apart from all monies or funds of this state and the agencies, instrumentalities and subdivisions of this state, except that the board may commingle the assets of the fund and the assets of all other plans entrusted to its management in one or more group trusts, subject to the crediting of receipts and earnings and charging of payments to the appropriate employer, system or plan. The monies shall be secured by the depository in which they are deposited and held to the same extent and in the same manner as required by the general depository law of this state. For purposes of making the decision to invest in securities owned by the fund or any plan or trust administered by the board, the fund and assets of the plans and the plans' trusts are subject to the sole management of the board for the purpose of this article except that, on the board's election to invest in a particular security or make a particular investment, the assets comprising the security or investment may be chosen and managed by third parties approved by the board. The board may invest in portfolios of securities chosen and managed by a third party. The board's decision to invest in securities such as mutual funds, commingled investment funds, exchange traded funds, private equity or venture capital limited partnerships, real estate limited partnerships or limited liability companies and real estate investment trusts whose assets are chosen and managed by third parties does not constitute an improper delegation of the board's investment authority.

E. All contributions under this system and other retirement plans that the board administers shall be forwarded to the board and shall be held, invested and reinvested by the board as provided in this article. All property and monies of the fund and other retirement plans that the board administers, including income from investments and from all other sources, shall be retained for the exclusive benefit of members, as provided in the system and other retirement plans that the board administers, and shall be used to pay benefits to members or their beneficiaries or to pay expenses of operation and administration of the system and fund and other retirement plans that the board administers.

F. The board shall have the full power in its sole discretion to invest and reinvest, alter and change the monies accumulated under the system and other retirement plans and trusts that the board administers as provided in this article. In addition to its power to make investments managed by others, the board may delegate the authority the board deems necessary and prudent to investment management pursuant to section 38-848.03, as well as to the administrator, employed by the board pursuant to subsection M, paragraph 6 of this section, and any assistant administrators to invest the monies of the system and other retirement plans and trusts that the board administers if the administrator, investment management and any assistant administrators follow the investment policies that are adopted by the board. The board may commingle securities and monies of the fund, the elected officials' retirement plan, the corrections officer retirement plan and other plans or monies entrusted to its care, subject to the crediting of receipts and earnings and charging of payments to the account of the appropriate employer, system or plan. In making every investment, the board shall exercise the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital, provided:

1. That not more than eighty percent of the combined assets of the system or other plans that the board manages shall be invested at any given time in corporate stocks, based on cost value of such stocks irrespective of capital appreciation.

2. That ~~no~~ NOT more than five percent of the combined assets of the system or other plans that the board manages shall be invested in corporate stock issued by any one corporation, other than corporate stock issued by corporations chartered by the United States government or corporate stock issued by a bank or insurance company.

3. That not more than five percent of the voting stock of any one corporation shall be owned by the system and other plans that the board administers, except that this limitation does not apply to membership interests in limited liability companies.

4. That corporate stocks and exchange traded funds eligible for direct purchase shall be restricted to stocks and exchange traded funds that, except for bank stocks, insurance stocks, stocks acquired for coinvestment in connection with the system's or the plans' or trusts' commingled investments and interests in limited liability companies and mutual funds, are either:

(a) Listed or approved on issuance for listing on an exchange registered under the securities exchange act of 1934, as amended (15 United States Code sections 78a through 78pp).

(b) Designated or approved on notice of issuance for designation on the national market system of a national securities association registered under the securities exchange act of 1934, as amended (15 United States Code sections 78a through 78pp).

(c) Listed or approved on issuance for listing on an exchange registered under the laws of this state or any other state.

(d) Listed or approved on issuance for listing on an exchange of a foreign country with which the United States is maintaining diplomatic relations at the time of purchase, except that no more than twenty percent of the combined assets of the system and other plans that the board manages shall be invested in foreign securities, based on the cost value of the stocks irrespective of capital appreciation.

(e) An exchange traded fund that is recommended by the chief investment officer of the system, that is registered under the investment company act of 1940 (15 United States Code sections 80a-1 through 80a-64) and that is both traded on a public exchange and based on a publicly recognized index.

G. Notwithstanding any other law, the board shall not be required to invest in any type of investment that is dictated or required by any entity of the federal government and that is intended to fund economic development projects, public works or social programs, but may consider such economically targeted investments pursuant to its fiduciary responsibility. The board, on behalf of the system and all other plans or trusts the board administers, may invest in, lend monies to or guarantee the repayment of monies by a limited liability company, limited partnership, joint venture, partnership, limited liability partnership or trust in which the system and plans or trusts have a financial interest, whether the entity is closely held or publicly traded and that, in turn, may be engaged in any lawful activity, including venture capital, private equity, the ownership, development, management, improvement or operation of real property and any improvements or businesses on real property or the lending of monies.

H. Conference call meetings of the board that are held for investment purposes only are not subject to chapter 3, article 3.1 of this title, except that the board shall maintain minutes of these conference call meetings and make them available for public inspection within twenty-four hours after the meeting. The board shall review the minutes of each conference call meeting and shall ratify all legal actions taken during each conference call meeting at the next scheduled meeting of the board.

I. The board shall not be held liable for the exercise of more than ordinary care and prudence in the selection of investments and performance of its duties under the system and shall not be limited to so-called "legal investments for trustees", but all monies of the system and other

plans that the board administers shall be invested subject to all of the conditions, limitations and restrictions imposed by law.

J. Except as provided in subsection F of this section, the board may:

1. Invest and reinvest the principal and income of all assets that the board manages without distinction between principal and income.

2. Sell, exchange, convey, transfer or otherwise dispose of any investments made on behalf of the system or other plans the board administers in the name of the system or plans by private contract or at public auction.

3. Also:

(a) Vote on any stocks, bonds or other securities.

(b) Give general or special proxies or powers of attorney with or without power of substitution.

(c) Exercise any conversion privileges, subscription rights or other options and make any payments incidental to the exercise of the conversion privileges, subscription rights or other options.

(d) Consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities, delegate discretionary powers and pay any assessments or charges in connection therewith.

(e) Generally exercise any of the powers of an owner with respect to stocks, bonds, securities or other investments held in or owned by the system or other plans whose assets the board administers.

4. Make, execute, acknowledge and deliver any other instruments that may be necessary or appropriate to carry out the powers granted in this section.

5. Register any investment held by the system or other plans whose assets the board administers in the name of the system or plan or in the name of a nominee or trust.

6. At the expense of the system or other plans that the board administers, enter into an agreement with any bank or banks for the safekeeping and handling of securities and other investments coming into the possession of the board. The agreement shall be entered into under terms and conditions that secure the proper safeguarding, inventory, withdrawal and handling of the securities and other investments. No access to and no deposit or withdrawal of the securities from any place of deposit selected by the board shall be permitted or made except as the terms of the agreement may provide.

7. Appear before local boards and the courts of this state and political subdivisions of this state through counsel or appointed representative to protect the fund or the assets of other plans that the board administers. The board is not responsible for the actions or omissions of the local boards under this system but may seek a review or rehearing of actions or omissions of local boards. The board does not

have a duty to review actions of the local boards but may do so in its discretion in order to protect the fund. No limitations period precludes the board or administrator from contesting, or requires the board or administrator to implement or comply with, a local board decision that violates the internal revenue code or that threatens to impair the tax qualified status of the system or any plan administered by the board or administrator.

8. Empower the fund administrator to take actions on behalf of the board that are necessary for the protection and administration of the fund or the assets of other plans that the board administers pursuant to the guidelines of the board.

9. Do all acts, whether or not expressly authorized, that may be deemed necessary or proper for the protection of the investments held in the fund or owned by other plans or trusts that the board administers.

10. Settle threatened or actual litigation against any system or plan that the board administers.

K. Investment expenses and operation and administrative expenses of the board shall be accounted for separately and allocated against investment income.

L. The board, as soon as possible within a period of six months following the close of any fiscal year, shall transmit to the governor and the legislature a comprehensive annual financial report on the operation of the system and other plans that the board administers containing, among other things:

1. A balance sheet.

2. A statement of income and expenditures for the year.

3. A report on an actuarial valuation of its assets and liabilities.

4. A list of investments owned.

5. The total rate of return, yield on cost, and percent of cost to market value of the fund and the assets of other plans that the board administers.

6. Any other statistical and financial data that may be necessary for the proper understanding of the financial condition of the system and other plans that the board administers and the results of their operations. A synopsis of the annual report shall be published for the information of members of the system, the elected officials' retirement plan or the corrections officer retirement plan.

7. An analysis of the long-term level percent of employer contributions and compensation structure and whether the funding methodology is sufficient to pay one hundred percent of the unfunded accrued liability under the elected officials' retirement plan.

8. An estimate of the aggregate employer contribution rate for the public safety personnel retirement system for the next ten fiscal years

and an estimate of the aggregate employer contribution rate for the corrections officer retirement plan for the next ten fiscal years.

9. An estimate of the employer contribution rates for the next ten fiscal years for each of the following employers within the public safety personnel retirement system:

(a) Department of liquor licenses and control.
(b) Department of public safety.
(c) Northern Arizona university.
(d) University of Arizona.
(e) Arizona state university.
(f) Arizona game and fish department.
(g) Department of law.
(h) Department of emergency and military affairs.
(i) Arizona state parks board.

10. An estimate of the employer contribution rates for the next ten fiscal years for each of the following employers within the corrections officer retirement plan:

(a) State department of corrections.
(b) Department of public safety.
(c) The judiciary.
(d) Department of juvenile corrections.

11. An estimate of the aggregate fees paid for private equity investments, including management fees and performance fees.

M. The board shall:

1. Maintain the accounts of the system and other plans that the board administers and issue statements to each employer annually and to each member who may request it.

2. Report the results of the actuarial valuations to the local boards and employers.

3. Contract on a fee basis with an independent investment counsel to advise the board in the investment management of the fund and assets of other plans that the board administers and with an independent auditing firm to audit the board's accounting.

4. Permit the auditor general to make an annual audit and transmit the results to the governor and the legislature.

5. Contract on a fee basis with an actuary who shall make actuarial valuations of the system and other plans that the board administers, be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of the system, the elected officials' retirement plan, the corrections officer retirement plan and the public safety cancer insurance policy program and perform other duties required in connection therewith. The actuary must be a member of a nationally recognized association or society of actuaries.

6. Employ, as administrator, a person, state department or other body to serve at the pleasure of the board.

7. Establish procedures and guidelines for contracts with actuaries, auditors, investment counsel and legal counsel and for safeguarding of securities.

N. The administrator, under the direction of the board, shall:

1. Administer this article.

2. Be responsible for the recruitment, hiring and day-to-day management of employees.

3. Invest the monies of the system and other plans that the board administers as the board deems necessary and prudent as provided in subsections F and J of this section and subject to the investment policies and fund objectives adopted by the board.

4. Establish and maintain an adequate system of accounts and records for the system and other plans that the board administers, which shall be integrated with the accounts, records and procedures of the employers so that the system and other plans that the board administers operates most effectively and at minimum expense and that duplication of records and accounts is avoided.

5. In accordance with the board's governance policy and procedures and the budget adopted by the board, hire such employees and services the administrator deems necessary and prescribe their duties, including the hiring of one or more assistant administrators to manage the system's operations, investments and legal affairs.

6. Be responsible for income, the collection of the income and the accuracy of all expenditures.

7. Recommend to the board annual contracts for the system's actuary, auditor, investment counsel, legal counsel and safeguarding of securities.

8. Perform additional duties and powers prescribed by the board and delegated to the administrator.

O. The system is an independent trust fund and the board is not subject to title 41, chapter 6. Contracts for goods and services approved by the board are not subject to title 41, chapter 23. As an independent trust fund whose assets are separate and apart from all other funds of this state, the system and the board are not subject to the restrictions prescribed in section 35-154 or article IX, sections 5 and 8, Constitution of Arizona. Loans, guarantees, investment management agreements and investment contracts that are entered into by the board are contracts memorializing obligations or interests in securities that the board has concluded, after thorough due diligence, do not involve investments in Sudan or Iran or otherwise provide support to terrorists or in any way facilitate illegal immigration into the United States. These contracts do not involve the procurement, supply or provision of goods, equipment, labor, materials or services that would require the warranties required by section 41-4401.

P. The board, the administrator, the assistant administrators and all persons employed by them are subject to title 41, chapter 4, article 4. The administrator, assistant administrators and other employees of the board are entitled to receive compensation pursuant to section 38-611.

Q. In consultation with the director of the department of administration, the board may enter into employment agreements and establish the terms of those agreements with persons holding any of the following system positions:

1. Administrator.
2. Deputy or assistant administrator.
3. Chief investment officer.
4. Deputy chief investment officer.
5. Fiduciary or investment counsel.

R. The attorney general or an attorney approved by the attorney general and paid by the fund shall be the attorney for the board and shall represent the board in any legal proceeding or forum that the board deems appropriate. The board, administrator, assistant administrators and employees of the board are not personally liable for any acts done in their official capacity in good faith reliance on the written opinions of the board's attorney.

S. At least once in each five-year period after the effective date, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the system and other plans that the board administers and shall make a special valuation of the assets and liabilities of the monies of the system and plans. Taking into account the results of the investigation and special valuation, the board shall adopt for the system and other plans that the board administers those mortality, service and other tables deemed necessary.

T. On the basis of the tables the board adopts, the actuary shall make a valuation of the assets and liabilities of the funds of the system and other plans that the board administers not less frequently than every year. By November 1 of each year the board shall provide a preliminary report and by December ~~15~~ 1 of each year provide a final report to the governor, the speaker of the house of representatives and the president of the senate on the contribution rate for the ensuing fiscal year.

U. Neither the board nor any member or employee of the board shall directly or indirectly, for himself or as an agent, in any manner use the monies or deposits of the fund except to make current and necessary payments, nor shall the board or any member or employee become an endorser or surety or in any manner an obligor for monies loaned by or borrowed from the fund or the assets of any other plans that the board administers.

V. Financial or commercial information that is provided to the board, employees of the board and attorneys of the board in connection

with investments in which the board has invested or investments the board has considered for investment is confidential, proprietary and not a public record if the information is information that would customarily not be released to the public by the person or entity from whom the information was obtained.

W. A person who is a dealer as defined in section 44-1801 and who is involved in securities or investments related to the board's investments is not eligible to serve on the board.

X. ~~Beginning January 1, 2017,~~ The public safety personnel retirement system advisory committee is established and shall serve as a liaison between the board and the members and employers of the system. The committee shall be appointed by the chairperson of the board from names submitted to the chairperson by associations representing law enforcement, firefighters, state government, counties, cities and towns and tribal governments. The committee shall select a chairperson from among its members each calendar year. The committee shall consist of the following ten members:

1. A member who is a law enforcement officer.
2. A member who is a firefighter.
3. A member of the elected officials' retirement plan.
4. A member of the corrections officer retirement plan.
5. A retiree from the public safety personnel retirement system.
6. A representative from a city or town in this state.
7. A representative from a county in this state.
8. A representative from a fire district in this state.
9. A representative from a state employer.
10. A representative from a tribal government located in this state.

Sec. 23. Section 38-848.02, Arizona Revised Statutes, is amended to read:

38-848.02. Board of trustees; report on employer and employee costs; posting funding ratio

A. On or before December ~~31~~ 1 of each year, the board of trustees shall provide to the legislature~~,~~ and the joint legislative budget committee and SHALL post on its website the shared cost structure of employees and employers, the funding status and the rate of return. The report to the legislature shall include when the trigger to the reduction in the employee rates is being met.

B. The board of trustees shall post on its website for each plan the board administers each employer's funding ratio.

Sec. 24. Section 38-866, Arizona Revised Statutes, is amended to read:

38-866. Defined contribution plan design; purpose; powers and duties of the board; administration

A. The board shall establish, design and administer a defined contribution plan to provide for the retirement of specified participants beginning July 1, 2017.

B. The purpose of this article is to provide a defined contribution plan that is fully funded on a current basis from employer and participant contributions.

C. The legislature intends that the defined contribution plan for participants under this article be designed to be a qualified governmental plan under section 401(a) of the internal revenue code, as amended, or successor provisions of law, and be exempt from taxation under section 501 of the internal revenue code. The board may adopt any additional provision to the defined contribution plan that is necessary to fulfill this intent. Consistent with this intent, the board may submit to the internal revenue service a request for a determination letter that the defined contribution plan is a plan qualified under section 401(a) of the internal revenue code and a private letter ruling that all participant contributions that are picked up by the employer as provided in section 38-867 shall be treated as employer contributions pursuant to section 414(h) of the internal revenue code.

D. The board shall:

1. Enter into a contract with a provider or providers to provide retirement plan investments, plan administration and services to participants in the defined contribution plan. The plan shall provide for appropriate long-term retirement-oriented investments and shall include both fixed and variable deferred annuity options. The board shall consider all of the following when determining a company with which to contract:

(a) The financial stability of the company and the ability of the company to provide the contracted rights and benefits to the participants.

(b) The cost of the investments, plan administration and services to the participants.

(c) The experience of the company in providing defined contribution retirement plans in lieu of defined benefit plan participation to public employees.

(d) The experience of the company in paying retirement income to public employees.

(e) The experience of the company in providing plan education, counseling and advice to participants in public employee retirement plans that are offered in lieu of state defined benefit plan participation.

2. Require under a contract that a provider provide education, counseling and objective participant-specific plan advice to participants.

Any participant-specific advice and counseling shall be administered by a federally registered investment advisor. The federally registered investment advisor shall act as a fiduciary to participants and is required to act in the participant's best interest.

3. Require under the contract that the defined contribution plan include not less than five and not more than twenty-five predetermined investment portfolio options to participants. The predetermined investment portfolio options shall include options that reflect different risk profiles and options that automatically reallocate and rebalance contributions as a participant ages. In addition, the defined contribution plan may permit participants to construct investment portfolios using some or all of the investment options comprising the predetermined investment portfolio options.

4. Require under a contract that the defined contribution retirement plan offer participants a menu of lifetime annuity options, either fixed or variable or a combination of both.

E. The board may:

1. Employ other services it deems necessary, including legal services, for the operation and administration of the defined contribution plan.

2. Perform all acts, whether or not expressly authorized, that it deems necessary and proper for the operation and protection of the plan.

F. The board shall adopt policies regarding the defined contribution plan, including the administration of the participant and employer contributions, investment options, termination of participation in the defined contribution plan, administration of the payout options under the defined contribution plan and administration of the participant distributions.

G. The board shall participate in a competitive bid process at least once every five years to contract with a private person or any qualified company or companies to administer the defined contribution plan established pursuant to this article.

H. Any contract for a third-party administrator of the defined contribution plan shall include competitive fees and provisions requiring quarterly meetings with the system, annual updates to the board on the status of the defined contribution plan and quarterly statements to each participant. On or before December ~~31~~ 1 of each year, the board shall report the status of the defined contribution plan to the governor, the president of the senate, the speaker of the house of representatives and the joint legislative budget committee.

Sec. 25. Section 38-883, Arizona Revised Statutes, is amended to read:

38-883. Board of trustees; powers and duties

A. The board shall:

1. Maintain records of the operation and administration of the plan and fund.

2. Contract on a fee basis for an independent annual audit of the accounting records of the plan and fund and file a copy of the audit report with the auditor general.

3. Employ on a fee basis an independent firm of actuaries to perform annual actuarial valuations for each participating employer of the plan and fund based on an actuarial cost method and actuarial assumptions recommended by the actuary and adopted by the board. The actuarial valuations shall be performed by or under the direct supervision of an actuary who is a member of the American academy of actuaries. By November 1 of each year, the board shall provide a preliminary report and by December ~~15~~ 1 of each year provide a final report to the governor, the speaker of the house of representatives and the president of the senate on the contribution rate for the ensuing fiscal year.

4. Invest and reinvest the monies and assets of the fund in accordance with the investment provisions of the public safety personnel retirement system. The board may commingle securities and monies of the fund subject to the crediting of receipts and earnings and charging of payments to the account of the appropriate employer.

5. Submit a detailed annual report of the operation and investment performance of the plan and fund to the governor, the legislature and the members of the plan. The board shall submit the annual report no later than six months after the end of the fiscal year to which it pertains.

B. The board of trustees may:

1. Employ services it deems necessary, including legal services, for the operation and administration of the plan and fund.

2. Utilize separate or commingled investment vehicles.

3. Delegate authority to the administrator employed pursuant to section 38-848, subsection M, paragraph 6.

4. Appear before local boards and the courts and political subdivisions of this state through counsel or appointed representatives to protect the fund. The board of trustees is not responsible for the actions or omissions of the local boards under this plan but may seek review or a rehearing of actions or omissions of local boards. The board of trustees does not have a duty to review actions of the local boards but may do so, in its discretion, in order to protect the fund.

5. Perform all acts, whether or not expressly authorized, that it deems necessary and proper for the protection of the plan and fund.

Sec. 26. Repeal; transfer of monies

A. Section 40-443, Arizona Revised Statutes, is repealed.

B. All unexpended and unencumbered monies remaining in the pipeline safety revolving fund established by section 40-443, Arizona Revised Statutes, as repealed by subsection A of this section, are transferred to the state general fund on the effective date of this section.

Sec. 27. Title 41, chapter 4, article 1, Arizona Revised Statutes, is amended by adding section 41-708, to read:

41-708. Annual report; state employee salaries; full-time equivalent positions; definitions

A. ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE DEPARTMENT SHALL COLLECT FROM EACH BUDGET UNIT AND SHALL SUBMIT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING A REPORT CONTAINING THE NUMBER OF FULL-TIME EQUIVALENT POSITIONS AND THE TOTAL AMOUNT OF SALARIES FOR EACH BUDGET UNIT FOR THE PRIOR FISCAL YEAR, DELINEATED BY:

1. RETIREMENT SYSTEM.

2. EMPLOYEE TIER.

3. FUND SOURCE.

B. FOR THE PURPOSES OF THIS SECTION:

1. "BUDGET UNIT":

(a) MEANS A DEPARTMENT, COMMISSION, BOARD, INSTITUTION OR OTHER AGENCY OF THIS STATE THAT RECEIVES, EXPENDS OR DISBURSES STATE MONIES OR INCURS OBLIGATIONS OF THIS STATE.

(b) DOES NOT INCLUDE THE ARIZONA BOARD OF REGENTS, UNIVERSITIES UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS AND COMMUNITY COLLEGE DISTRICTS.

2. "EMPLOYEE TIER" MEANS A CLASS OF EMPLOYEES IN A RETIREMENT SYSTEM IN WHICH EACH EMPLOYEE IS SUBJECT TO THE SAME EMPLOYER CONTRIBUTION RATE PURSUANT TO TITLE 38, CHAPTER 5.

Sec. 28. Section 41-714, Arizona Revised Statutes, is amended to read:

41-714. Automation projects fund; subaccounts; exemption; purpose; joint legislative budget committee review

A. The automation projects fund is established consisting of monies appropriated by the legislature. The department of administration shall administer the fund. Monies in the fund are subject to legislative appropriation. THE DIRECTOR SHALL ESTABLISH A SEPARATE SUBACCOUNT FOR EACH AGENCY THAT IMPLEMENTS, UPGRADES OR MAINTAINS AUTOMATION AND INFORMATION TECHNOLOGY PROJECTS. MONIES IN EACH SUBACCOUNT ARE SUBJECT TO LEGISLATIVE APPROPRIATION. MONIES MAY NOT BE TRANSFERRED BETWEEN AGENCY SUBACCOUNTS. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

B. Monies in the fund shall be used to implement, upgrade or maintain automation and information technology projects for any state agency.

C. Before the expenditure of any monies from the fund, the joint legislative budget committee shall review the expenditure plan presented by the department for the fiscal year in which the monies are to be spent. THE EXPENDITURE PLAN SHALL INCLUDE THE PROJECT COST, DELIVERABLES, TIMELINE FOR COMPLETION AND METHOD OF PROCUREMENT.

Sec. 29. Section 41-750, Arizona Revised Statutes, is amended to read:

41-750. Contribution of pro rata share for personnel division fund

A. All state agencies shall contribute a pro rata share of the overall cost of personnel administration services provided by the department. The pro rata share shall be payable by payroll fund source, and the resultant amount shall be deposited, pursuant to sections 35-146 and 35-147, in a personnel division fund for appropriation by the legislature for the state personnel board, THE GOVERNOR'S OFFICE OF EQUAL OPPORTUNITY and the personnel division of the department. The pro rata share shall be 0.86 ~~per cent~~ PERCENT of the total payroll of the state agency. Of the 0.86 ~~per cent~~ PERCENT pro rata share, 0.03 ~~per cent~~ PERCENT of total payroll shall be deposited in a separate subaccount of the personnel division fund for use by the state personnel board and ~~shall be~~ IS subject to legislative appropriation. Total payroll shall include all fund sources, including the state general fund, federal monies, special revenue funds, intergovernmental revenue monies, trust funds and other payroll fund sources.

B. A claim for the pro rata share percentage payment shall be submitted according to the fund source, with the accompanying payroll to the department for deposit in the personnel division fund.

C. Notwithstanding section 35-190, only monies in excess of five hundred thousand dollars revert to the state general fund at the end of each fiscal year. The state comptroller shall pay any monies determined to be owed to the federal government from the personnel division fund before calculating the reversion.

D. Monies contributed based on the personnel services for individuals employed by the Arizona state retirement system and monies contributed based on the personnel services for individuals employed by the public safety personnel retirement system as the pro rata share shall not revert to the state general fund and shall be separately accounted for and reverted to the Arizona state retirement system, the public safety personnel retirement system, the elected officials retirement plan or the corrections officer retirement plan, as applicable.

Sec. 30. Section 41-791.02, Arizona Revised Statutes, is amended to read:

41-791.02. Powers and duties relating to acquiring property; lease purchase agreements; eminent domain; JLBC approval

A. The director may acquire, in the name of this state, by gift, grant, purchase, lease purchase, condemnation or any other lawful manner, real property, buildings, energy systems or energy management systems ~~which~~ THAT are necessary, useful or convenient for the use of this state, but no land or building may be acquired by purchase or condemnation

without prior approval of the joint committee on capital review and an appropriation of monies by the legislature for such AN acquisition.

B. Any lease purchase agreement relating to land acquisition, capital projects, energy systems or energy management systems under this section shall provide that:

1. The obligation of this state to make any payment under the agreement is a current expense of the department, payable exclusively from appropriated monies, and is not a general obligation indebtedness of this state or the department.

2. If the legislature fails to appropriate monies or the department fails to allocate such monies for any periodic payment or renewal term of the agreement, the agreement terminates at the end of the current term and this state and the department are relieved of any subsequent obligation under the agreement.

3. The agreement ~~shall~~ be reviewed and approved by the attorney general before the agreement may take effect.

4. The agreement ~~shall~~ be reviewed and approved by the joint committee on capital review before the agreement takes effect.

C. The department may covenant to use its best efforts to budget, obtain, allocate and maintain sufficient appropriated monies to make payments under a lease purchase agreement, but the agreement shall acknowledge that appropriating state monies is a legislative act and is beyond the control of the department or of any other party to the agreement.

D. A lease purchase agreement under this section shall be submitted to the attorney general to review for compliance with the constitution and laws of this state. If in ~~his~~ THE ATTORNEY GENERAL'S opinion the agreement so complies, ~~he~~ THE ATTORNEY GENERAL shall ~~append his certification to~~ CERTIFY the agreement, return it to the department and transmit a copy to the joint committee on capital review. On request by the director, the attorney general may give other opinions relating to the agreement.

E. A lease purchase agreement under this section shall be reviewed and approved by the joint committee on capital review before the agreement takes effect.

F. The director may lease any property owned by this state at fair rental value, or on other terms and conditions if the lessee is a political subdivision of this state. If the property was purchased through the capital outlay stabilization fund as set forth in section 41-792.01, subsection A, the net income received from any such lease shall be credited to the capital outlay stabilization fund. All other lease net incomes shall be credited to the state general fund.

G. The director, with the consent of the governor, may lease property ~~which~~ THAT is acquired under this article for public purposes and

convey in the name of this state easements for roadways, walkways and utility purposes on any of the real property acquired under this article.

H. If the power of eminent domain is exercised, it shall be exercised as provided in sections 12-1111 through 12-1128.

I. The amount paid for any property purchased by the department, except such property as may be acquired by condemnation and property acquired in any manner within the governmental mall ~~comprised~~ COMPOSED of the area described in section 41-1362, shall not exceed the appraised value as fixed by an appraiser, to be appointed by the director, who ~~shall be~~ IS a ~~well qualified~~ WELL-QUALIFIED appraiser and a designated member of a nationally recognized real estate appraisal association, institute or society. If the department orders only one appraisal of the property, the property owner may request, and the department shall provide, a second appraisal. Each appraisal ordered by the department for a property shall be conducted by a different firm. If more than one appraisal is conducted, the director may use either appraisal in determining the appraised value affixed by the appraiser. A contract for appraisal services shall be awarded in accordance with chapter 23 of this title. Before the property within the governmental mall is acquired as provided in this subsection, the joint committee on capital review shall review and approve the purchase of the property.

J. The director may dispose of real property acquired by the department or any right, title or other interest in such property if the director determines that it is no longer needed or used for state purposes. The director, after the establishment, laying out or substantial completion of an improvement to such real property, may convey the real property or any interest in the real property ~~which~~ THAT the director determines is not necessary, useful or convenient for the use of such AN improvement by this state. The conveyance shall be made to the highest and most responsible bidder at a public sale held for that purpose.

K. BEFORE ENTERING INTO ANY CONTRACT OR AGREEMENT WITH A CITY OR REGIONAL PUBLIC TRANSPORTATION AUTHORITY REGARDING THE PLACEMENT OF A LIGHT RAIL STATION IN THE GOVERNMENTAL MALL, THE DIRECTOR SHALL SUBMIT THE CONTRACT OR AGREEMENT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE FOR APPROVAL. THE COMMITTEE SHALL APPROVE OR REJECT THE CONTRACT OR AGREEMENT NOT MORE THAN ONE HUNDRED TWENTY DAYS AFTER THE SUBMISSION.

Sec. 31. Title 41, chapter 4, article 7, Arizona Revised Statutes, is amended by adding section 41-792.02, to read:

41-792.02. Capitol mall consolidation fund; use; review

A. THE CAPITOL MALL CONSOLIDATION FUND IS ESTABLISHED CONSISTING OF MONIES APPROPRIATED BY THE LEGISLATURE. THE DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

B. MONIES IN THE FUND SHALL BE USED FOR BUILDING RENEWAL AND RENOVATIONS OF STATE-OWNED BUILDINGS.

C. BEFORE SPENDING MONIES IN THE FUND, THE DIRECTOR SHALL SUBMIT AN EXPENDITURE PLAN FOR REVIEW BY THE JOINT COMMITTEE ON CAPITAL REVIEW.

Sec. 32. Section 41-1279, Arizona Revised Statutes, is amended to read:

41-1279. Joint legislative audit committee; composition; meetings; powers and duties; committee termination

A. The joint legislative audit committee is established consisting of five members of the senate WHO ARE appointed by the president of the senate, one of whom ~~shall be~~ IS a member of the senate appropriations committee, and five members of the house of representatives WHO ARE appointed by the speaker of the house of representatives, one of whom ~~shall be~~ IS a member of the house of representatives appropriations committee. Selection of members shall be based on their understanding OF and interest in legislative audit oversight functions. Not more than three appointees of each house shall be of the same political party. The president and the speaker shall designate one of their appointed members as chairman of their respective delegation. The chairman of the audit committee shall serve for the term of each legislature. The chairmanship of the audit committee shall alternate between the chairman of the senate delegation and the chairman of the house of representatives delegation beginning with the chairman of the senate delegation. The president of the senate and the speaker of the house of representatives shall also serve as ex officio members of the committee.

B. The committee shall meet at least quarterly and on call of the chairman. Members of the committee are eligible for reimbursement by their respective houses in the same manner as a member of the legislature who attends a meeting of a standing committee.

C. The committee shall:

1. Oversee all audit functions of the legislature and state agencies, including sunset, performance, special and financial audits, special research requests and the preparation and introduction of legislation resulting from audit report findings.

2. Appoint an auditor general subject to approval by a concurrent resolution of the legislature and direct the auditor general to perform all sunset, performance, special and financial audits and investigations.

3. Have the power of legislative subpoena in accordance with article 4 of this chapter.

4. Require state agencies to comply with findings and directions of the committee regarding sunset, performance, special and financial audits.

5. Perform all functions required by chapter 27 of this title relating to the sunset review of state agencies.

D. The committee established by this section ends on July 1, ~~2018~~ 2026 pursuant to section 41-3103.

Sec. 33. Repeal

Section 41-1361, Arizona Revised Statutes, is repealed.

Sec. 34. Section 41-1362, Arizona Revised Statutes, is amended to read:

41-1362. Department of administration; powers and duties; governmental mall description; duty of city of Phoenix; general plan application

A. The ~~commission~~ DEPARTMENT OF ADMINISTRATION may:

1. Accept gifts or grants of monies or other property from any person, including the United States or any agencies, departments or officers of the state.

~~2. Appoint and employ officers and employees as it deems necessary.~~

~~3.~~ 2. Prescribe rules as necessary to carry out ~~the provisions of~~ this article.

B. The ~~commission~~ DEPARTMENT OF ADMINISTRATION shall:

~~1. Elect a chairman from among its members.~~

~~2.~~ 1. Develop and maintain and amend as necessary a comprehensive long-range general plan for the development of the governmental mall ~~comprised~~ COMPOSED of the area described in subsection C of this section.

~~3.~~ 2. Encourage public agencies as defined in section 11-951 to enter into intergovernmental agreements or contracts pursuant to title 11, chapter 7, article 3 as necessary to implement the general plan for the development of the governmental mall.

~~4.~~ 3. Review and approve or disapprove in writing requests for permission to develop structures or sites or award construction contracts for new buildings or improvements within the governmental mall. The ~~commission~~ DEPARTMENT shall review requests submitted by ~~the~~ THIS state or a political subdivision of this state in which ~~the~~ THIS state or political subdivision has a contractual interest to ensure consistency with the approved general plan.

~~5.~~ 4. Review all planning activities within governmental mall boundaries.

~~6.~~ 5. Publish an annual report on the issues brought before the ~~commission~~ DEPARTMENT and its recommendations.

C. The governmental mall is ~~comprised~~ COMPOSED of the area with a western boundary of nineteenth avenue, a northern boundary of all lots abutting Van Buren street, an eastern boundary of seventh avenue and a southern boundary of the Harrison street alignment.

D. The city of Phoenix annually shall inform the ~~commission~~ DEPARTMENT OF ADMINISTRATION of new major development projects and new major infrastructure improvements, including ~~but not limited to~~ parks, streets and street-scaping within the downtown area redevelopment plan as defined ~~pursuant to~~ IN section 36-1471.

E. If the general plan of the city, county or state agency for land development does not conform with the general plan developed by the

~~commission~~ DEPARTMENT OF ADMINISTRATION for the development of the governmental mall, the general plan developed by the ~~commission~~ DEPARTMENT for the development of the governmental mall applies and shall be enforced.

Sec. 35. Section 41-1363, Arizona Revised Statutes, is amended to read:

41-1363. Monuments and memorials within governmental mall; legislative authorization; approval; procedure

A. Notwithstanding section 34-225 or any other law, a monument or memorial ~~in recognition of~~ RECOGNIZING or honoring a person, group, entity or event shall be located in the governmental mall only if a prior legislative act authorizes the monument or memorial.

B. After legislative authorization, a monument or memorial may be established by the following procedures:

1. The proponents shall submit a concept to the department of administration for the design, dimensions and location of the monument or memorial.

2. The department of administration shall review the concept and determine the most appropriate location that highlights the monument or memorial and preserves the integrity of the governmental mall.

~~3. The department of administration shall submit its review and recommendations to the legislative governmental mall commission including recommendations regarding its ability to maintain the monument or memorial.~~

~~4.~~ 3. After recommendations from the historical advisory commission regarding the historical integrity of the monument or memorial and after any necessary negotiations with the proponents, ~~the legislative governmental mall commission, in consultation with~~ the department of administration~~,~~ shall approve the final design, dimensions, location and maintenance requirements of the monument or memorial, the minimum dollar amount required for deposit in the state monument and memorial repair fund established by section 41-1365 and any statement, declaration, writing or inscription that will be imprinted or stamped on the monument or memorial.

~~5.~~ 4. Before the beginning of construction of the monument or memorial, the proponents shall enter into a contract with the department of administration specifying the conditions of the design, dimensions and location of the monument or memorial, a list of the artists, contractors and subcontractors that will be employed, the minimum dollar amount required for deposit in the state monument and memorial repair fund established by section 41-1365 and a verification that all employees for the project are insured and that this state is indemnified against any liability in regard to the construction.

~~6.~~ 5. An approved monument or memorial shall be completed and dedicated to this state within two years after the effective date of the legislative act authorizing the monument or memorial.

C. Except as otherwise provided in this section or section 41-1365, all fund-raising~~,~~ AND THE establishment and administration of a fund for deposit of monies and contracts for artistic design and construction of the monument or memorial are the sole responsibility of the proponents.

D. If the completed monument or memorial deviates from the final design or dimension that was approved by the ~~legislative governmental mall commission~~ DEPARTMENT OF ADMINISTRATION or any statement, declaration, writing or inscription that is imprinted or stamped on the monument or memorial deviates from that which was approved by the ~~legislative governmental mall commission~~ DEPARTMENT, the proponents are responsible for any costs incurred to conform the monument or memorial to the approved form.

E. The proponents shall collect an amount equal to at least ten ~~per cent~~ PERCENT of the artistic design and construction costs of the monument or memorial or the amount approved by the ~~legislative governmental mall commission~~ DEPARTMENT OF ADMINISTRATION as provided in subsection B of this section. The department ~~of administration~~ shall deposit these monies in the state monument and memorial repair fund established by section 41-1365 for the maintenance, repair, reconditioning or relocation of that monument or memorial. The monies must be deposited in the fund before the beginning of construction of the monument or memorial.

F. ~~On review and approval by the legislative governmental mall commission,~~ The department of administration may relocate monuments or memorials that are located in the governmental mall.

G. This section does not apply to monuments or memorials in which a political subdivision has a contractual interest ~~and~~ that are located in the governmental mall but that are outside Wesley Bolin plaza.

Sec. 36. Section 41-1364, Arizona Revised Statutes, is amended to read:

41-1364. Alteration or modification to monuments and memorials within governmental mall; procedures; approval

A. Any alteration or modification to an existing monument or memorial that was completed pursuant to section 41-1363 must abide by the following procedures:

1. The proponents of the monument or memorial that submitted the concept pursuant to section 41-1363 shall submit the proposed alteration or modification to the ~~legislative governmental mall commission~~ DEPARTMENT OF ADMINISTRATION.

2. After recommendations from the historical advisory commission regarding what impact the proposed alteration or modification would have on the historical integrity of the existing monument or memorial and after any necessary negotiations with the proponents, the ~~legislative governmental mall commission~~ DEPARTMENT OF ADMINISTRATION shall approve or reject the proposed alteration or modification.

3. If the proposed alteration or modification is approved and before the beginning of construction involved in implementing the alteration or modification to the monument or memorial, the proponents shall enter into a contract with the department of administration specifying the scope of the alteration or modification to the monument or memorial, a list of the artists, contractors and subcontractors that will be employed and a verification that all employees for the project are insured and that this state is indemnified against any liability in regard to the construction involved in implementing the alteration or modification to the monument or memorial.

4. The alteration or modification to an existing monument or memorial shall be completed and dedicated to this state within two years after the effective date of the approval of the alteration or modification by the ~~legislative governmental mall commission~~ DEPARTMENT OF ADMINISTRATION.

B. All fund-raising~~,~~ AND THE establishment and administration of a fund for deposit of monies and contracts for artistic design and construction of the alteration or modification to the existing monument or memorial are the sole responsibility of the proponents.

Sec. 37. Section 41-1365, Arizona Revised Statutes, is amended to read:

41-1365. State monument and memorial repair fund; purpose; report; exemption

A. The state monument and memorial repair fund is established consisting of:

1. Donations.

2. Monies ~~derived~~ from fund-raising activities.

3. Monies that are collected by the proponents of a monument or memorial and that are deposited pursuant to section 41-1363.

4. Grants received for monuments or memorials, except for otherwise specifically dedicated grants.

5. Legislative appropriations.

B. The department of administration shall administer the fund. All monies in the fund are subject to legislative appropriation. Subject to this section, the department shall use monies appropriated from the fund for the maintenance, repair, reconditioning or relocation of monuments or memorials and for supporting mechanical equipment in the governmental mall.

C. The department shall separately account for monies to a specific monument or memorial that is dedicated to this state for maintenance, repair, reconditioning or relocation of that monument or memorial as follows:

1. Monies that are donated for the benefit of the specific monument or memorial.

2. Monies that are derived from fund-raising activities and that are collected for the benefit of a specific monument or memorial.

3. Monies that are collected and deposited pursuant to subsection A, paragraph 3 of this section.

D. On or before November 1 of each year, the department of administration shall submit to the ~~legislative governmental mall commission~~ JOINT LEGISLATIVE BUDGET COMMITTEE a report that accounts for all monies deposited in the fund. The report shall include the sources of the monies received for deposit, by category, and the purposes for which the monies were used during the preceding fiscal year.

E. The department of administration shall hold the monies in the fund in trust for the citizens of this state until spent on an authorized monument or memorial, and monies in the fund shall not be spent or appropriated for any other purpose.

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

Sec. 38. Unrestricted federal monies; essential government services

Any unrestricted federal monies received by this state beginning July 1, 2018 through June 30, 2019 shall be deposited in the state general fund. The monies shall be used to pay essential governmental services.

Sec. 39. Rental rates; state-owned buildings; fiscal year 2018-2019

Notwithstanding section 41-792.01, subsection D, Arizona Revised Statutes, the capital outlay stabilization fund rental rates for state-owned buildings in fiscal year 2018-2019 are $16.08 per square foot for office space and $5.79 per square foot for storage space.

Sec. 40. Data processing acquisition fund; records services fund; use

Notwithstanding sections 18-441 and 41-151.12, Arizona Revised Statutes, the secretary of state may use the amounts appropriated to the office of the secretary of state in fiscal year 2018-2019 from the data processing acquisition fund established by section 18-441, Arizona Revised Statutes, and the records services fund established by section 41-151.12, Arizona Revised Statutes, for election services.

Sec. 41. Assessment fund for voluntary plans; use

Notwithstanding section 20-2201, Arizona Revised Statutes, the department of insurance may use monies in the assessment fund for voluntary plans established by section 20-2201, Arizona Revised Statutes, in fiscal years 2018-2019 and 2019-2020 to pay for the cost of administering the out-of-network claim dispute resolution process prescribed by title 20, chapter 20, article 2, Arizona Revised Statutes.

Sec. 42. Liability setoff program revolving fund; use

Notwithstanding section 42-1122, Arizona Revised Statutes, the department of revenue may use the amount appropriated to the department in

fiscal year 2018-2019 from the liability setoff program revolving fund established by section 42-1122, Arizona Revised Statutes, for general operating expenses.

Sec. 43. Budget stabilization fund; exceptions

Notwithstanding section 35-144, Arizona Revised Statutes, for fiscal years 2018-2019, 2019-2020 and 2020-2021, the legislature is not required to appropriate monies to or transfer monies from the budget stabilization fund.

Sec. 44. Sale of state buildings and land; proceeds; deposit; fiscal year 2018-2019

Notwithstanding any other law, the proceeds from the sale of state buildings located at 2910 North 44th Street in Phoenix and 2162 North Vickey Street in Flagstaff and land located at the corner of South Horne Street and East Baseline Road in Mesa in fiscal year 2018-2019 shall be deposited in the capitol mall consolidation fund established by section 41-792.02, Arizona Revised Statutes, as added by this act.

Sec. 45. Budget unit estimates; transmitted

Notwithstanding section 35-112, Arizona Revised Statutes, the governor's office of strategic planning and budgeting shall transmit budget request forms to budget units on or before July 1, 2018 for the ensuing fiscal year.

Sec. 46. Retroactivity

A. Section 45 of this act applies retroactively to from and after May 31, 2018.

B. Section 41-1279, Arizona Revised Statutes, as amended by this act, applies retroactively to from and after June 30, 2018.

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

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

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.

Secretary to the Governor

Approved this 3rd day of

May, 2018,

at 5:05 o'clock P M.

Governor of Arizona

S.B. 1524

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.

Secretary of State