



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

May 31, 2019

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

Dear Secretary Hobbs:

I am transmitting to you the following bills from the Fifty-fourth Legislature, 1st Regular Session, which I signed on May 31st, 2019:

H.B. 2747 general appropriations act; 2019-2020. (Bowers)
H.B. 2748 capital outlay; appropriations; 2019-2020. (Bowers)
H.B. 2749 K-12 education; budget reconciliation; 2019-2020. (Cobb)
H.B. 2750 higher education; budget reconciliation; 2019-2020. (Cobb)
H.B. 2751 budget procedures; budget reconciliation; 2019-2020. (Cobb)
H.B. 2752 criminal justice; budget reconciliation; 2019-2020. (Bowers)
H.B. 2753 environment; appropriation; 2019-2020. (Bowers)
H.B. 2754 health; budget reconciliation; 2019-2020. (Cobb)
H.B. 2755 human services; budget reconciliation; 2019-2020. (Cobb)
H.B. 2756 revenue; budget reconciliation; 2019-2020. (Bowers)
H.B. 2757 tax provisions; omnibus. (Toma)

Sincerely,

Douglas A. Ducey
Governor
State of Arizona

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

House Engrossed
FILED
KATIE HOBBS
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 269
HOUSE BILL 2753

AN ACT

AMENDING SECTION 3-1261, ARIZONA REVISED STATUTES; AMENDING SECTION 35-144, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2019, CHAPTER 54, SECTION 1; AMENDING TITLE 37, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 37-1309; AMENDING SECTIONS 49-455 AND 49-544, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO ENVIRONMENT BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)



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

2 Section 1. Section 3-1261, Arizona Revised Statutes, is amended to
3 read:

4 3-1261. Adoption and recording of brand and earmark; brand as
5 property right; sale or transfer

6 A. Every person owning range livestock in this state shall adopt
7 and record a brand with the division with which to brand such
8 livestock. Branding shall be performed by a hot iron, freezing, acid or
9 any other method that will result in a permanent mark. Any person owning
10 range livestock may also record an earmark with which to mark such
11 livestock as long as the earmark is not recorded for use by neighboring
12 range livestock owners. Sheep shall be marked distinctly with a mark or
13 device sufficient to distinguish them. Every owner of other animals may
14 adopt a brand or earmark with which to brand or earmark such animals.

15 B. No two brands of the same design or figure shall be adopted or
16 recorded, but the associate director ~~may~~, in ~~his~~ THE ASSOCIATE DIRECTOR'S
17 discretion, MAY reject and refuse to record a brand or mark similar to or
18 conflicting with a previously adopted and recorded brand or mark. A BRAND
19 OF THE SAME DESIGN OR FIGURE THAT WAS ISSUED WITHOUT PROTEST ON OR BEFORE
20 AUGUST 2, 2017 MAY BE RERECORDED.

21 C. Before a new brand is recorded, it shall be advertised in some
22 newspaper, journal or bulletin, published in the state, at least once, and
23 if no objection to the brand is filed in writing, it shall be recorded as
24 provided in this article.

25 D. The brand adopted and recorded is the property of the person
26 adopting and recording it, and the right to use it may be sold, leased or
27 transferred.

28 E. ~~No~~ A sale or transfer of the brand is NOT valid except by A bill
29 of sale THAT IS duly signed and acknowledged as deeds for conveyance of
30 real estate are acknowledged, ~~and~~ THAT IS recorded with the division.

31 F. The owner of the recorded brand shall sign the lease of the
32 brand and file a copy of the lease with the division.

33 G. It is unlawful to apply a recorded brand in any location on an
34 animal except as specified on the brand registration certificate. The
35 application of a brand in any other location is the equivalent of the use
36 of an unrecorded brand.

37 H. The division shall make recorded brands available to feedlots
38 that are licensed in this state to identify livestock while in the feedlot
39 for feeding purposes. The division shall issue the brand on request by
40 the feedlot without charge, in a timely manner and with a minimum of
41 administrative requirements. Brands issued under this subsection are not
42 registered brands and are not prima facie evidence of ownership outside
43 the feedlot.

1 Sec. 2. Section 35-144, Arizona Revised Statutes, as amended by
2 Laws 2019, chapter 54, section 1, is amended to read:

3 35-144. Budget stabilization fund; definitions

4 A. The budget stabilization fund is established consisting of
5 monies transferred from the state general fund pursuant to subsection B of
6 this section. The state treasurer shall administer the budget
7 stabilization fund and invest and divest monies in the budget
8 stabilization fund as provided by sections 35-313 and 35-314.02, and
9 monies earned from investment shall be credited to the budget
10 stabilization fund. Except as provided by this section:

11 1. Monies in the budget stabilization fund are exempt from the
12 provisions of section 35-190 relating to the reversion of monies to the
13 state general fund.

14 2. The monies in the fund are separate monies to be used only for
15 the purposes of the fund.

16 3. An amount sufficient to pay claims certified by the state
17 forester pursuant to section 37-1305, subsection E, paragraph 4 is
18 continuously appropriated from the fund to the state treasurer for payment
19 of the certified claims. Not more than ~~\$10,000,000~~ \$20,000,000 in
20 unreimbursed claims may be outstanding from the fund at any time from the
21 monies appropriated pursuant to this paragraph.

22 B. In a calendar year in which the annual growth rate exceeds the
23 trend growth rate, the excess growth when multiplied by total general fund
24 revenue of the fiscal year ending in the calendar year determines the
25 amount to be appropriated by the legislature to the budget stabilization
26 fund in the fiscal year in which the calendar year ends.

27 C. In a calendar year in which the annual growth rate is both less
28 than two percent and less than the trend growth rate, the difference
29 between the annual growth rate and the trend growth rate when multiplied
30 by the total general fund revenue of the fiscal year ending in the
31 calendar year determines the amount to be transferred by the legislature
32 from the budget stabilization fund to the state general fund at the end of
33 the fiscal year in which the calendar year ends. The transfer calculated
34 pursuant to this subsection shall not exceed the available balance in the
35 budget stabilization fund, nor shall the legislature transfer an amount
36 that exceeds the amount sufficient to balance the state general fund
37 budget.

38 D. The legislature shall pass a bill that contains the emergency
39 clause if the legislature either:

40 1. Reduces the amount for appropriation to the budget stabilization
41 fund under subsection B of this section.

42 2. Increases the amount for transfer to the state general fund
43 under subsection C of this section.

1 E. The annual budget recommendations of the governor and the joint
2 legislative budget committee shall include estimates of appropriations or
3 transfers required under subsection B or C of this section.

4 F. A final determination of the amount to be appropriated to or
5 transferred from the budget stabilization fund shall be made using
6 personal income and price deflator estimates as reported in the second
7 calendar quarter for the preceding calendar year. The economic estimates
8 commission shall determine the annual growth rate, the trend growth rate
9 and the required appropriation to or transfer from the budget
10 stabilization fund at its first meeting following the second calendar
11 quarter report of the United States department of commerce, but not later
12 than June 1. The commission shall certify and report its findings to the
13 governor, the state treasurer, the president of the senate, the speaker of
14 the house of representatives and the joint legislative budget committee.

15 G. The appropriation calculated pursuant to subsection B of this
16 section may be included in the general appropriations bill for that fiscal
17 year. Any additional appropriation calculated pursuant to subsection F of
18 this section shall be made by a separate act.

19 H. At the end of a fiscal year, the budget stabilization fund
20 balance shall not exceed ten percent of state general fund revenue for the
21 fiscal year. Any surplus monies above ten percent shall be transferred by
22 the state treasurer to the state general fund.

23 I. The state treasurer may temporarily divest monies in the budget
24 stabilization fund to avoid a negative cash balance in operating
25 monies. The amount divested shall not exceed the amount required to meet
26 immediate cash needs. The state treasurer may divest monies in the budget
27 stabilization fund only when the state general fund has a negative cash
28 balance.

29 J. For the purposes of this section:

30 1. "Adjusted personal income" means personal income minus transfer
31 payments, as reported by the United States department of commerce, bureau
32 of economic analysis, or its successor agency.

33 2. "Annual growth rate" means the percentage change in real
34 adjusted personal income in the calendar year ending during a fiscal year
35 as compared to real adjusted personal income for the preceding calendar
36 year. The annual growth rate shall be rounded to the nearest
37 one-hundredth of one percent.

38 3. "GDP price deflator" means the gross domestic product price
39 deflator reported by the United States department of commerce, bureau of
40 economic analysis, or its successor agency.

41 4. "Personal income" means the total personal income of all persons
42 in this state reported by the United States department of commerce, bureau
43 of economic analysis, or its successor agency.

1 5. "Real adjusted personal income" means an amount that is
2 determined by dividing adjusted personal income by the GDP price deflator
3 and multiplying the result by one hundred.

4 6. "Transfer payments" means that portion of personal income that
5 represents a government expenditure for which no service is rendered or
6 product is delivered, as determined by the United States department of
7 commerce, bureau of economic analysis, or its successor agency.

8 7. "Trend growth rate" means the average annual growth rate for the
9 most recent seven calendar years, rounded to the nearest one-hundredth of
10 one percent.

11 Sec. 3. Title 37, chapter 9, article 1, Arizona Revised Statutes,
12 is amended by adding section 37-1309, to read:

13 37-1309. Nonnative vegetation species eradication fund;
14 department duties; grants; annual report

15 A. THE NONNATIVE VEGETATION SPECIES ERADICATION FUND IS ESTABLISHED
16 CONSISTING OF LEGISLATIVE APPROPRIATIONS FOR SPECIFIC NONNATIVE VEGETATION
17 INVASIVE SPECIES ERADICATION PROJECTS. MONIES IN THE FUND ARE
18 CONTINUOUSLY APPROPRIATED TO THE ARIZONA DEPARTMENT OF FORESTRY AND FIRE
19 MANAGEMENT FOR THE PURPOSES OF THIS SECTION AND ARE EXEMPT FROM THE
20 PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS. ON
21 NOTICE FROM THE STATE FORESTER, THE STATE TREASURER SHALL INVEST AND
22 DIVEST MONIES IN THE FUND AS PROVIDED IN SECTION 35-313, AND MONIES EARNED
23 FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

24 B. THE ARIZONA DEPARTMENT OF FORESTRY AND FIRE MANAGEMENT SHALL:

25 1. COORDINATE WITH THE ARIZONA STATE LAND DEPARTMENT ON PROJECTS
26 CONDUCTED ON STATE TRUST LAND PURSUANT TO THIS SECTION.

27 2. COORDINATE WITH THE ARIZONA GAME AND FISH DEPARTMENT ON PROJECTS
28 CONDUCTED PURSUANT TO THIS SECTION.

29 3. MONITOR AND OVERSEE SPECIFIC PROJECTS FOR WHICH THE LEGISLATURE
30 APPROPRIATES MONIES TO THE NONNATIVE VEGETATION SPECIES ERADICATION FUND.

31 4. PROVIDE GRANTS TO OTHER STATE AGENCIES, CITIES, TOWNS, COUNTIES,
32 INDIAN TRIBES AND OTHER POLITICAL SUBDIVISIONS OF THIS STATE AND TO
33 NONPROFIT ORGANIZATIONS FOR NONNATIVE VEGETATION INVASIVE SPECIES
34 ERADICATION PROJECTS THAT WILL ASSIST IN PREVENTING FIRE AND FLOODING,
35 CONSERVING WATER, REPLACING NONNATIVE VEGETATIVE SPECIES WITH NATIVE
36 VEGETATIVE SPECIES AND RESTORING HABITAT TO WILDLIFE. A GRANT RECIPIENT
37 SHALL FOLLOW STATE AND FEDERAL LAWS TO PRESERVE ENDANGERED SPECIES WHEN
38 IMPLEMENTING THE NONNATIVE VEGETATION INVASIVE SPECIES ERADICATION
39 PROJECT.

40 5. ESTABLISH APPLICATION PROCEDURES AND QUALIFICATION CRITERIA FOR
41 THE GRANTS. GRANTS AWARDED PURSUANT TO THIS SECTION SHALL BE AWARDED IN
42 ACCORDANCE WITH TITLE 41, CHAPTER 24.

43 C. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE ARIZONA DEPARTMENT OF
44 FORESTRY AND FIRE MANAGEMENT SHALL REPORT TO THE JOINT LEGISLATIVE BUDGET
45 COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING

1 THE TOTAL EXPENDITURES FROM THE PREVIOUS YEAR FOR GRANTS FOR NONNATIVE
2 VEGETATION SPECIES ERADICATION PROJECTS. THE REPORT SHALL INDICATE EACH
3 PROJECT'S EXPENDITURES, THE BENEFITS OF EACH PROJECT TO THE TREATED LAND,
4 THE STATUS OF EACH PROJECT AND THE PROJECTED TIMELINE FOR COMPLETION OF
5 EACH PROJECT.

6 Sec. 4. Section 49-455, Arizona Revised Statutes, is amended to
7 read:

8 49-455. Permit administration fund; exemption

9 A. ~~★~~ THE permit administration fund is established consisting of
10 fees and interest collected pursuant to this article and section 27-515.
11 The director shall administer the fund subject to annual legislative
12 appropriation. On notice from the director, the state treasurer shall
13 invest and divest monies in the fund as provided in section 35-313, and
14 monies earned from investment shall be credited to the fund. Monies in
15 the fund are exempt from the provisions of section 35-190 relating to
16 lapsing of appropriations.

17 B. Monies in the fund collected pursuant to sections 49-426 and
18 49-426.01 shall be used TO PAY for the following:

19 1. In the case of fees collected pursuant to section 49-426,
20 subsection E, paragraph 1, all reasonable direct and indirect costs
21 required to develop and administer the permit program requirements of
22 title V of the clean air act.

23 2. In the case of other fees, administering permits or revisions
24 issued pursuant to section 49-426 or 49-426.01 or conducting inspections.

25 3. ALL REASONABLE AND NECESSARY COSTS TO PROVIDE STAFF SUPPORT
26 PURSUANT TO SECTION 27-515, SUBSECTION A.

27 C. Monies in the fund collected pursuant to section 27-515,
28 subsection B, paragraph 5 shall be used to prepare, reproduce and
29 distribute publications pursuant to that paragraph.

30 D. ~~NO~~ NOT more than five percent of the monies in the fund may be
31 used for the collection of monies, unless otherwise provided under title V
32 of the clean air act.

33 E. ~~NO~~ NOT more than five percent of the monies in the fund may be
34 used for general administration of the fund unless otherwise provided
35 under title V of the clean air act.

36 Sec. 5. Section 49-544, Arizona Revised Statutes, is amended to
37 read:

38 49-544. Emissions inspection fund; composition; authorized
39 expenditures; exemptions; investment

40 A. ~~★~~ THE emissions inspection fund is established and is subject
41 to legislative appropriation. The emissions inspection fund shall consist
42 of:

43 1. Monies appropriated to the fund by the legislature.

1 2. All monies collected pursuant to section 49-543, subsection A.

2 3. All monies collected by the director for the issuance of
3 inspection certificates to owners of fleet emissions inspection stations.

4 4. Monies received from private grants or donations when so
5 designated by the grantor or donor.

6 5. Monies received from the United States by grant or otherwise to
7 assist ~~the~~ THIS state in any emissions inspection program.

8 B. Monies in the emissions inspection fund may be used for the
9 following:

10 1. Enforcement of the provisions of this article related to fleet
11 emissions inspections, exemptions, and certificates of waiver.

12 2. Payment of contractual charges to independent contractors
13 pursuant to section 49-545.

14 3. Costs to the state of administering:

15 (a) The emissions inspection services performed by the independent
16 contractor, including inspection station auditing, contractor training and
17 certification, and motorist assistance.

18 (b) TRAVEL REDUCTION PROGRAMS PRESCRIBED BY THIS CHAPTER.

19 4. Funding ~~the~~ THIS state's portion of the catalytic converter
20 program costs prescribed by section 49-542.

21 ~~5. Through June 30, 2005, conducting research studies to evaluate
22 the feasibility and effectiveness of emission system control technologies,
23 including the repair of vehicles participating in the studies.~~

24 ~~6. 5. Other costs of administering and enforcing the provisions of
25 this article.~~

26 C. The department of environmental quality shall approve and
27 provide for the payment of contractual charges to independent contractors
28 and for enforcement of the provisions of this article related to fleet
29 emissions inspections, exemptions and certificates of waiver.

30 D. Monies in the emissions inspection fund are exempt from the
31 provisions of section 35-190, relating to lapsing of appropriations.

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

35 Sec. 6. Off-highway vehicle recreation fund; use

36 Notwithstanding section 28-1176, Arizona Revised Statutes, the
37 Arizona state parks board shall use \$692,100 from the Arizona state parks
38 board portion of the off-highway vehicle recreation fund established by
39 section 28-1176, Arizona Revised Statutes, in fiscal year 2019-2020 for
40 repairs, maintenance and development of the Arizona portion of the Great
41 Western Trail.

42 Sec. 7. Arizona water protection fund; use

43 Notwithstanding section 45-2114, Arizona Revised Statutes, in fiscal
44 year 2019-2020, the Arizona water protection fund commission may grant to
45 the department of water resources up to \$336,000 of the unobligated

1 balance in the Arizona water protection fund established by section
2 45-2111, Arizona Revised Statutes, to pay for administrative costs of the
3 department in fiscal year 2019-2020.

4 Sec. 8. Underground storage tank revolving fund; use of
5 monies

6 Notwithstanding any other law, in fiscal year 2019-2020, the
7 department of environmental quality may use up to \$6,531,000 from the
8 underground storage tank revolving fund established by section 49-1015,
9 Arizona Revised Statutes, in fiscal year 2019-2020 for:

- 10 1. Administrative costs of the department.
- 11 2. Remediating sewage discharge issues in Naco, Arizona and other
12 border areas of Arizona.

13 Sec. 9. Arizona water banking fund; use

14 In addition to the purposes provided in section 45-2425, Arizona
15 Revised Statutes, monies appropriated to the Arizona navigable stream
16 adjudication commission from the Arizona water banking fund established by
17 section 45-2425, Arizona Revised Statutes, may be used in fiscal year
18 2019-2020 to pay legal fees.

19 Sec. 10. Appropriations; reduction; water quality assurance
20 revolving fund; intent

21 A. Notwithstanding section 49-282, Arizona Revised Statutes, no
22 monies are appropriated from the state general fund to the water quality
23 assurance revolving fund established by section 49-282, Arizona Revised
24 Statutes, for fiscal year 2019-2020.

25 B. Notwithstanding any other law, the following amounts from the
26 following sources are appropriated in fiscal year 2019-2020 to the water
27 quality assurance revolving fund established by section 49-282, Arizona
28 Revised Statutes:

- 29 1. \$2,800,000 from the emissions inspection fund established by
30 section 49-544, Arizona Revised Statutes, as amended by this act.
- 31 2. \$2,600,000 from the air quality fund established by section
32 49-551, Arizona Revised Statutes.
- 33 3. \$5,000,000 from the underground storage tank revolving fund
34 established by section 49-1015, Arizona Revised Statutes.
- 35 4. \$1,000,000 from the permit administration fund established by
36 section 49-455, Arizona Revised Statutes, as amended by this act.
- 37 5. \$2,152,000 from the recycling fund established by section
38 49-837, Arizona Revised Statutes.

39 C. The legislature intends that the amounts appropriated in
40 subsection B of this section be supplemented by \$2,000,000 of monies
41 directly deposited in the water quality assurance revolving fund
42 established by section 49-282, Arizona Revised Statutes.

Passed the House May 24, 20 19

Passed the Senate May 27, 20 19

by the following vote: 31 Ayes,

by the following vote: 16 Ayes,

29 Nays, 0 Not Voting

13 Nays, 1 Not Voting

[Signature]
Speaker of the House
 Pro Tempore

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

27th day of May, 20 19

at 9:25 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 31st day of

May 2019

at 8:15 o'clock A M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 31 day of May, 20 19

at 8:42 o'clock A. M.

[Signature]
Secretary of State

H.B. 2753