NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by 1st submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Due to time restraints, the Secretary of State's Office will no longer edit the text of proposed rules. We will continue to make numbering and labeling changes as necessary.

Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for adoption, amendment, or repeal of any rule. A.R.S. §§ 41-1013 and 41-1022.

NOTICE OF PROPOSED RULEMAKING

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 23. BOARD OF PHARMACY

PREAMBLE

1. **Sections Affected** — **Rulemaking Action**

R4-23-110	Amend
R4-23-704	Amend
R4-23-706	Amend
R4-23-707	Repeal
R4-23-708	Repeal
R4-23-709	Repeal

2. **The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

   Authorizing statute: A.R.S. § 32-1904(A)(1)

   Implementing statute: A.R.S. § 32-1904(A)(1) and 32-1904(B)(3)

3. **The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

   Name: Dean Wright, Compliance Officer

   Address: Board of Pharmacy
   5060 North 19th Avenue, Suite 101
   Phoenix, Arizona 85015

   Telephone: (602) 255-5125, Ext. 131

   Fax: (602) 255-5740

4. **An explanation of the rule, including the agency's reasons for initiating the rule:**

   This rule was initiated by the Board staff because the existing rules are very outdated and no longer apply to the type of facilities used today. The rules were established to protect the public health when drugs were supplied by non-physicians in the industrial setting. Because of Board staffing priorities the existing rules are not actively enforced. The Board staff intent was to completely repeal the sections R4-23-704, R4-23-706, R4-23-707, R4-23-708, and R4-23-709. Board staff requested input from industry and to the staff's surprise the occupational nurses, who operate the occupational health clinics affected by the rules, voiced strong opposition to completely repealing the rules. The nurses through their professional association, the Arizona Association of Occupational Health Nurses, asked the Board to amend the rules to meet today's standards for occupational health care. These proposed rules are the result of the joint efforts of the staffs of the Board and the AAOHN.

   In R4-23-110, the rule repeals the definitions for "first aid stations" and "industrial medical stations" because these definitions are outdated and do not appear in the proposed rule. The rule adds new definitions for "non-occupational disorder", "occupational disorder", and "occupational health clinic". The rule amends the definition of "occupational medicine or industrial medicine" to "occupational health". The meaning of the definition is not changed just the title. The rule addresses format and style changes necessary under the current administrative procedure act and other necessary language changes to provide a clear, concise, and understandable document.

   The rule changes the heading of R4-23-704 from "Requirements for Medical Facilities in Industrial and Business Organizations" to "Requirements for Occupational Health Facilities in the Work Environment". Subsections A, B, and C of R4-23-704

are combined into 1 subsection A and amended to include language consistent with the changed heading and the current purpose and scope of occupational health care. New subsections B and C detail requirements for the newly defined "occupational health clinic". Subsections D through H are repealed because their language is not necessary. The heading of R4-23-706 is changed from "Purchasing and Obtaining Drugs" to "Drugs in the Occupational Health Clinic". New subsections A through E are added to detail the requirements for the use of drugs in occupational health clinics. The existing subsections A through G are repealed. Sections R4-23-707, R4-23-708, and R4-23-709 are repealed because their language is not necessary.

The Board believes that adoption of these rules will benefit the public health and safety by establishing clear standards for the delivery of drug therapy in occupational health clinics. Specifically, the rule addresses the duties of the occupational health clinic medical director and occupational health nurse as related to drug therapy, including drug purchase, storage, security, administration, dispensing, and record keeping. The Board further believes that specific regulation and enforcement are necessary to protect the public health when drugs are supplied by non-physicians in the work environment.

5. **A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

   Not applicable.

6. **The preliminary summary of the economic, small business, and consumer impact:**

   The rule will have very little economic, small business, or consumer impact. The rule amends and updates a very old rule that does not reflect current practice. The major impact for businesses will be the requirement for written policies and procedures and protocols. This will require the time of the medical director to write these policies, procedures, and protocols. In most instances these already exist in some form or another. The actual cost will be minimal because it will usually only involve the consolidation of existing policies, procedures, and protocols. There may be some minimal cost savings, because the existing rule requires certain drug administration records that will not be necessary with the new rule. Since the use of occupational health nurses and clinics only occurs in large companies, small business will not be impacted. The rule will continue to protect the public health and safety by establishing standards for the delivery of drug therapy by non-physicians in the work environment. The Board, businesses, and the public benefit from current, clear, concise, and understandable rules.

7. **The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

   Name: Dean Wright, Compliance Officer

   Address: Board of Pharmacy
   5060 North 19th Avenue, Suite 101
   Phoenix, Arizona 85015

   Telephone: (602) 255-5125, Ext. 131

   Fax: (602) 255-5740

8. **The time, place, and nature of the proceedings for the adoption, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

   Comments may be written or presented orally. Written comments must be received by 5 p.m., Monday, August 31, 1998. An oral proceeding is scheduled for:

   Date: August 31, 1998

   Time: 10 a.m.

   Location: 5060 North 19th Avenue, Suite 101
   Phoenix, Arizona 85015

   A person may request information about the oral proceeding by contacting the person listed above.

9. **Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

   Not applicable.

10. **Incorporations by reference and their location in the rules:**

    None.

11. **The full text of the rules follows:**

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 23. BOARD OF PHARMACY

ARTICLE 1. ADMINISTRATION

Section
R4-23-110. Definitions

ARTICLE 7. NON-PHARMACY LICENSED OUTLETS - GENERAL PROVISIONS

Section
R4-23-704. Requirements for Occupational Health ~~Medical~~ Facilities in the Work Environment ~~Industrial and Business Organizations~~
R4-23-706. Drugs in the Occupational Health Clinic ~~Purchasing and Obtaining Drugs~~
R4-23-707. ~~Limitation of Acts Permitted~~
R4-23-708. ~~Proprietary Drugs~~
R4-23-709. ~~Notice of Location and Inspection~~

ARTICLE 1. ADMINISTRATION

R4-23-110. Definitions

"Active ingredient" means any component that furnishes pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease or that affects the structure or any function of the body of man or other animals. The term includes those components that may undergo chemical change in the manufacture of the drug, that are present in the finished drug product in a modified form, and that furnish the specified activity or effect.

"Authentication of product history" means identifying the purchasing source, the ultimate fate, and any intermediate handling of any component of a radiopharmaceutical or other drug.

"AZPLEX" means an Arizona pharmacy law examination written and administered by the Board staff or a Board-approved national pharmacy law examination written and administered in cooperation with NABP.

"Batch" means a specific quantity of drug that has uniform character and quality, within specified limits, and is produced according to a single manufacturing order during the same cycle of manufacture.

"Beyond-use date" means a date determined by a pharmacist and placed on a prescription label at the time of dispensing to indicate a time beyond which the contents of the prescription are not recommended to be used.

"Biological safety cabinet" means a containment unit suitable for the preparation of low to moderate risk agents where there is a need for protection of the product, personnel, and environment, consistent with National Sanitation Foundation (NSF) standards, published in the National Sanitation Foundation Standard 49, Class II (Laminar Flow) Biohazard Cabinetry, NSF International P. O. Box 130140, Ann Arbor, MI, revised June 1987 edition, (and no future amendments or editions), incorporated by reference and on file with the Board and the office of the Secretary of State.

"Class 100 environment" means an atmospheric environment in compliance with the Federal Standard 209 Clean Room and Work Station Requirements: Controlled Environment, publication FED-STD-209D, U.S. Government Services Administration 450 Golden Gate Avenue, San Francisco, CA, June 15, 1988, edition which includes January 28, 1991, changes, (and no future amendments or editions), incorporated by reference and on file with the of the Secretary of State.

"Community pharmacy" means any place under the direct supervision of a pharmacist where the practice of pharmacy occurs or where prescription orders are compounded and dispensed other than a hospital pharmacy or a limited service pharmacy.

"Component" means any ingredient used in compounding or manufacturing drugs in dosage form, including an ingredient that may not appear in the finished product.

"Container" means:

A receptacle, as described in the official compendium or the federal act, that is used in manufacturing or compounding a drug or in distributing, supplying, or dispensing the finished dosage form of a drug; or

A metal receptacle designed to contain liquefied or vaporized compressed medical gas and used in manufacturing, transfilling, distributing, supplying, or dispensing a compressed medical gas.

"Correctional facility" has the same meaning as in A.R.S. §§ 13-2501 and 31-341.

"Current good compounding practices" means the minimum standards for methods used in, and facilities or controls used for, compounding a drug to ensure that the drug has the identity and strength and meets the quality and purity characteristics it is represented to possess.

"Current good manufacturing practice" means the minimum standard for methods used in, and facilities or controls used for manufacturing, processing, packing, or holding a drug to ensure that the drug meets the requirements of the federal act as to safety, and has the identity and strength and meets the quality and purity characteristics it is represented to possess.

"Cytotoxic" means a pharmaceutical that is capable of killing living cells.

"Day" means a calendar day unless otherwise specified.

"Delinquent license" means a pharmacist or intern license the Board suspends for failure to renew or pay all required fees on or before the date the renewal is due.

"Drug sample" means a unit of a prescription drug that a manufacturer provides free of charge to promote the sale of the drug. No person shall sell, purchase, or trade or offer to sell, purchase, or trade a drug sample.

"Extreme emergency" means the occurrence of a fire, water leak, electrical failure, public disaster, or other catastrophe constituting an imminent threat of physical harm to pharmacy personnel or patrons.

"FDA" means the Food and Drug Administration, a federal agency within the United States Department of Health and Human Services, established to set safety and quality standards for foods, drugs, cosmetics, and other consumer products.

~~"First aid stations" means units within a business or industrial organization which are limited to, as the name implies, first aid treatment of injuries incurred in association with the business function.~~

"Inactive ingredient" means any component other than an "active ingredient" present in a drug.

~~"Industrial medical stations" means units where drugs are stored, established within businesses and industrial organizations.~~

"Internal test assessment" means performing quality assurance or other procedures necessary to ensure the integrity of a test.

"Limited-service correctional pharmacy" means a limited-service pharmacy, as defined in A.R.S. § 32-1901, that:

Holds a current Board permit under A.R.S. § 32-1931;

Is located in a correctional facility; and

Uses pharmacists, interns, and support personnel to compound, produce, dispense, and distribute drugs.

"Limited-service mail-order pharmacy" means a limited-service pharmacy, as defined in A.R.S. § 32-1901, that holds a current Board permit under A.R.S. § 32-1931 and dispenses a majority of its prescription medication or prescription-only devices by mailing or delivering the prescription medication or prescription-only device to an individual by the United States mail, a common or contract carrier, or a delivery service.

"Limited-service nuclear pharmacy" means a limited-service pharmacy, as defined in A.R.S. § 32-1901, that holds a current Board permit under A.R.S. § 32-1931 and provides radiopharmaceutical services.

"Limited-service pharmacy permittee" means a person who holds a current limited-service pharmacy permit in compliance with A.R.S. §§ 32-1929, 32-1930, 32-1931, and A.A.C. R4-23-606.

"Long-term care consultant pharmacist" means a pharmacist providing consulting services to a long term care facility.

"Lot" means a batch or any portion of a batch of a drug, or if a drug produced by a continuous process, an amount of drug produced in a unit of time or quantity in a manner that assures it uniformity. In either case, a lot is identified by a distinctive lot number and has uniform character and quality with specified limits.

"Lot number" or "control number" means any distinctive combination of letters or numbers, or both, from which the complete history of the compounding or manufacturing, control, packaging, and distribution of a batch or lot of a drug can be determined.

"Materials approval unit" means any organizational element having the authority and responsibility to approve or reject components, in-process materials, packaging components, and final products.

"Mediated instruction" means information transmitted via intermediate mechanisms such as audio or video tape or telephone transmission.

"NABP" means National Association of Boards of Pharmacy.

"NABPLEX" means National Association of Boards of Pharmacy Licensure Examination.

"NAPLEX" means North American Pharmacist Licensure Examination.

"Non-occupational disorder" means an injury or illness incurred by an individual that is not related to the individual's occupation.

"Occupational disorder" means an injury or illness incurred by an individual during the course of or as the result of the individual's occupation.

"Occupational Health ~~Medicine" or "Industrial Medicine"~~ means the field of medicine dealing with the medical conditions associated with persons employed in any occupation.

"Occupational Health Clinic" means a unit within a business or industrial organization which provides for employees' occupational health, including prevention, early diagnosis, treatment and rehabilitation, and drug therapy.

"Outpatient" means a person who is not a residential patient in a health care institution.

"Outpatient setting" means a location that provides medical treatment to an outpatient.

"Patient profile" means a readily retrievable, centrally located information record that contains patient demographics, allergies, and medication profile.

"Pharmaceutical care" means the provision of drug therapy and other pharmaceutical patient care services intended to achieve outcomes, related to the cure or prevention of a disease, elimination or reduction of a patient's symptoms, or arresting or slowing of a disease process, by identifying and resolving or preventing potential and actual drug-related problems.

"Pharmacy law continuing education" means a continuing education activity that addresses practice issues related to state or federal pharmacy statutes, rules, or regulations, offered by an Approved Provider.

"Prepackaged drug" means a drug that is packaged in a frequently prescribed quantity, labeled in compliance with A.R.S. §§ 32-1967 and 32-1968, stored, and subsequently dispensed by a pharmacist or a graduate intern or pharmacy intern under the supervision of a pharmacist, who verifies at the time of dispensing that the drug container is properly labeled, in compliance with A.R.S. § 32-1968, for the patient.

"Provider pharmacist" means a pharmacist who supplies medication to a long term care facility and maintains patient profiles.

"Radiopharmaceutical" means any drug that emits ionizing radiation and includes:

Any nonradioactive reagent kit, nuclide generator, or ancillary drug intended to be used in the preparation of a radiopharmaceutical, but does not include drugs such as carbon-containing compounds or potassium-containing salts, that contain trace quantities of naturally occurring radionuclides; and

Any biological product that is labeled with a radionuclide or intended to be labeled with a radionuclide.

"Radiopharmaceutical quality assurance" means the performance and interpretation of appropriate chemical, biological, and physical tests on radiopharmaceuticals to determine the suitability of the radiopharmaceutical for use in humans and animals. Radiopharmaceutical quality assurance includes internal test assessment, authentication of product history, and appropriate record retention.

"Radiopharmaceutical services" means procuring, storing, handling, compounding, preparing, labeling, quality assurance testing, dispensing, distributing, transferring, record-keeping, and disposing of radiochemicals, radiopharmaceuticals, and ancillary drugs. Radiopharmaceutical services include quality assurance procedures, radiological health and safety procedures, consulting activities associated with the use of radiopharmaceuticals, and any other activities required for the provision of pharmaceutical care.

"Red C stamp" means a device used with red ink to imprint an invoice with a red letter C at least 1 inch high, to make an invoice of a Schedule III through IV controlled substance, as defined in A.R.S. § 36-2501, readily retrievable, as required by state and federal rules.

"Remodel" means to structurally alter the pharmacy area or location.

"Remote drug storage area" means an area that is outside the premises of the pharmacy, used for the storage of drugs,

locked to deny access by unauthorized persons, and secured against the use of force.

"Resident" means a person admitted to and residing in a long term care facility.

"Score transfer" means the process that enables an applicant to take the NAPLEX in a jurisdiction and be eligible for licensure by examination in other jurisdictions.

"Sterile pharmaceutical product" means a dosage form free from living micro-organisms.

"Strength" means:

The concentration of the drug substance (for example, weight/weight, weight/volume, or unit dose/volume basis); or

The potency, that is, the therapeutic activity of a drug substance as indicated by bioavailability tests or by controlled clinical data (expressed, for example, in terms of unity by reference to a standard).

"Supervision" means a pharmacist shall be present, assume legal responsibility, and have personal oversight of activities relating to the acquisition, preparation, distribution, and sale of prescription medications by pharmacy interns or supportive personnel.

"Supplying" means selling, transferring, or delivering to a patient or a patient's agent 1 or more doses of:

A nonprescription drug in the manufacturer's original container for subsequent use by the patient, or

A compressed medical gas in the manufacturer's or compressed medical gas distributor's original container for subsequent use by the patient.

"Supportive Personnel" means individuals trained to perform, under the supervision of a pharmacist, activities related to the preparation and distribution of prescription medications consistent with policy and procedures required in R4-23-403.

"Transfill" means a manufacturing process by which 1 or more compressed medical gases are transferred from a bulk container to a properly labeled container for subsequent distribution or supply.

"Wholesale distribution" means distribution of a drug to a person other than a consumer or patient, but does not include:

Selling, purchasing, or trading a drug or offering to sell, purchase, or trade a drug for emergency medical reasons. For purposes of this Section, "emergency medical reasons" includes transferring a prescription drug by a community or hospital pharmacy to another community or hospital pharmacy to alleviate a temporary shortage;

Selling, purchasing, or trading a drug, offering to sell, purchase, or trade a drug, or dispensing a drug pursuant to a prescription;

Distributing a drug sample by a manufacturers' or distributors' representative; or

Selling, purchasing, or trading blood or blood components intended for transfusion.

"Wholesale distributor" means any 1 engaged in wholesale distribution of drugs, including: manufacturers; repackers; own-label distributors; private-label distributors; jobbers; brokers; warehouses, including manufacturers' and distributors' warehouses, chain drug warehouses, and wholesale drug warehouses; independent wholesale drug traders; and retail pharmacies that conduct wholesale distributions in the amount of at least 5% of gross sales.

ARTICLE 6. PERMITS AND DISTRIBUTION OF DRUGS

R4-23-704. Requirements for Occupational Health ~~Medical~~ Facilities in the Work Environment ~~Industrial and Business Organizations~~

A. ~~Preface: The branch of medicine dealing with "Medical Stations" and "First Aid Stations" is known as Occupational Medicine or Industrial Medicine.~~ The prime purpose of Occupational Health ~~Medicine~~ is to maintain by prevention, early diagnosis, treatment and rehabilitation, and education, the optimal health and productivity of employees. ~~persons employed in business and industrial organizations.~~ Occupational Health ~~It~~ is not meant to replace an employee's personal medical practitioner or ~~the personal physician. It is not designed to~~ provide repeated treatments for non-occupational disorders. However, drugs may ~~medications must occasionally~~ be used for the following situations and therefore require Board of Pharmacy supervision:

~~B~~1. Occupational disorders, ~~: Injuries and illnesses incurred during the course of and/or as the result of the occupation.~~

~~C~~2. Non-occupational disorders that: ~~Non-occupational disorders which:~~

~~1.~~a. Require interim treatment until the employee ~~patient~~ can reach ~~his~~ a personal medical practitioner, ~~physician.~~

~~2.~~b. After treatment ~~Will~~ enable an employee to complete the work shift or work period and thereby prevent lost time and production, or.

~~3.~~c. Are of a minor nature for which a medical practitioner ~~physician~~ would ordinarily not be consulted, or.

3. Immunizations.

B. An Occupational Health Clinic shall have a medical director. The medical director shall be an Arizona licensed physician (M.D. or D.O.) or registered nurse practitioner and is responsible for the medical direction of the clinic's occupational health program, including the following:

1. Establishing and implementing written protocols for the administration of prescription-only and non-prescription drugs; and
2. Maintaining adequate records as defined in A.R.S. § 32-1401, including records for administration of prescription-only and non-prescription drugs.

C. An Occupational Health Clinic shall have an Arizona licensed registered nurse who is responsible for the daily operation of the clinic established in subsection B.

~~D. Qualifications: In order to qualify as a Medical Station or a First Aid Station, such stations are required to have an Arizona licensed physician responsible for its operations and the medical actions of the personnel in attendance in the unit.~~

~~E. Registered nurse required in absence of medical practitioner: In some instances, it is not feasible for a physician to attend such stations in person at all times. In practice, some of these stations do not see the physician except on rare occasions. When a physician is not personally in attendance at the Medical Station, and medical services other than strictly first aid work are being performed, there must be an Arizona registered nurse in charge.~~

~~F. First Aid Stations: In First Aid Stations which do not have an Arizona registered nurse in attendance, there should be one or more employees qualified in first aid (such as by American Red Cross or Mine Safety Appliance) available throughout the working hours.~~

~~(Note: It is of the utmost importance that occupational nurses exercise good judgment in the handling of medications for~~

~~minor ailments. She should be careful that the symptoms and appearance of the employee are not masking signs of a more serious disorder. This holds true particularly for pains and symptoms in the chest or abdomen.).~~

~~C. Drug laws must be observed: The Arizona State Board of Pharmacy acknowledges the establishment of Medical Stations and First Aid Stations for employees in or of industrial plants and business organizations. In order to protect the people who utilize such facilities, laws and safeguards pertaining to drugs must be observed.~~

~~H. Regulations not intended for doctor coverage: This regulation is not intended for installations in which licensed physicians are in full-time attendance.~~

R4-23-706. Drugs in the Occupational Health Clinic ~~Purchasing and Obtaining Drugs~~

A. An occupational health clinic medical director shall be responsible for:
   1. Establishing and implementing written policies and procedures for the purchase, storage, and security of drugs;
   2. Maintaining a current controlled substance registration from the Drug Enforcement Administration specific for the occupational health clinic location, if controlled substances are purchased, stored, administered, or dispensed;
   3. Following Drug Enforcement Administration record keeping procedures for controlled substances; and
   4. Maintaining adequate medical records as defined in A.R.S. § 32-1401(2), including records for administration of prescription-only and non-prescription drugs.

B. An Arizona licensed registered nurse working in an occupational health clinic may administer prescription-only and non-prescription drugs ordered by an Arizona licensed medical practitioner only:
   1. After receipt of a written order from the medical practitioner, or
   2. By written protocols established under R4-23-704(B)(2).

C. Only an Arizona licensed medical practitioner shall dispense prescription-only or non-prescription drugs in an occupational health clinic for subsequent use by an employee. Such drug dispensing shall be in compliance with the statutes and rules of the medical practitioner's licensing board.

D. An Arizona licensed registered nurse working in an occupational health clinic may supply drug samples ordered pursuant to subsection (B).

E. An occupational health clinic shall not sell non-prescription drugs before obtaining a non-prescription drug permit from the Board of Pharmacy.

F. An occupational health clinic shall make available for inspection by Board of Pharmacy compliance officers the following items:
   1. Written protocols for the administration of prescription-only and non-prescription drugs;
   2. Written policies and procedures for the purchase, storage, and security of drugs;
   3. Administration records for prescription-only and non-prescription drugs, including the written orders; and
   4. Controlled substance records.

~~A. Variety and quantity of medications allowed: The variety and quantity of medications allowed at an Industrial Medical or First Aid Station must be kept to a minimum and must be only sufficient to meet the needs of the individual station.~~

~~B. Legend drugs to be obtained from a pharmacy: Drug manufacturers and drug wholesalers are only permitted to sell to a person or firm that has a license from the Arizona State Board of Pharmacy. They can only sell or distribute legend drugs to a pharmacy licensee, either retail or hospital. Therefore, Industrial Medical Stations must obtain their legend drugs from a pharmacy.~~

~~C. Physician must order drugs: Only the physician in charge of and responsible for the station must order the legend drugs to be used in such station. The drugs may be billed to and paid for by the company. Proprietary medicines or preparations may be obtained either as above from a pharmacy, or from other sources if a Patent and Proprietary License is obtained from the Board.~~

~~D. Drugs must be delivered to station: Drugs must be delivered immediately upon receipt to, and properly stored in, the Medical Station or First Aid Station. Drugs cannot be stored in the company's general receiving station or warehouse.~~

~~E. Narcotics: At a Medical Station, in order to purchase and stock any narcotics, or other controlled substances, the responsible physician must obtain a controlled substances registration from the Drug Enforcement Administration for the address of the Medical Station. All narcotic and other controlled substances supplies required for use at the Medical Station should be on the order forms issued to that address.~~

~~F. Narcotic procedure when physician discontinues his practice at the industrial plant, he may dispose of his narcotics and other controlled substances pursuant to order forms, provided he has obtained specific approval from the Drug Enforcement Administration in which the proposed recipient is located. On the other hand, if the physician does not discontinue his practice, but merely ceases to act as the medical station's physician, he may take the narcotic drugs and other controlled substances secured under his individual registration to his new place of business provided he obtains authorization from the Drug Enforcement Administration.~~

~~G. Security of drugs: In a Medical Station, all drugs including proprietary medications, must be under lock when the nurse or physician is not in attendance. Extra precautions should be provided for the security of narcotic drugs and other controlled substances.~~

~~R4-23-707. Limitation of Acts Permitted~~

~~A. First Aid Stations: First aid attendants are not permitted to administer medications other than simple household remedies. First Aid Stations are only permitted to possess such simple household remedies.~~

~~B. Registered nurse can administer, but not dispense: A registered nurse is not permitted to dispense medications; but may administer a legend or a proprietary drug, and may supply a proprietary drug in the original package of the manufacturer.~~

~~C. Medical Stations: Medications which require handling or administration by occupational nurses fall into three categories:~~
   ~~1. Emergency legend drugs.~~
   ~~2. Other legend drugs.~~
   ~~3. Proprietary drugs.~~

~~D. Emergency legend drugs: For emergency administration only, it is permissible to store in the Medical Facility the following types of injectable medications:~~
~~Vasopressor, e.g., Epinephrin~~
~~Respiratory stimulant, e.g., Nikethamide~~
~~Narcotic, e.g., Meperidine~~
~~Antihistamin, e.g., Chlorpheniramine Maleate~~
~~Bronchodilator, e.g., Aminophyllin~~
~~Adrenal Corticosteroid~~

~~E. Other legend drugs: Only minimal quantities of these drugs may be kept at the Medical Station. They will be administered only as ordered by the occupational physician or the~~

~~employee's private physician. In each instance before an occupational nurse administered a narcotic, she must have a specific order from a physician, and phoned orders are not permissible except in true emergency situations.~~

~~F. Legend drugs to be dispensed only by a pharmacist: Legend drugs may not be provided by the nurse for subsequent use. Such legend drugs, except for single unit doses administered by the nurse, must be obtained upon prescription orders for the individual employee from a physician, and dispensed by a pharmacist.~~

~~G. Proof of Usage book: The occupational nurse will be responsible for recording in a "Proof of Usage" book the following information to account for the receipt and administration of all legend drugs:~~

~~1. Date received.~~
~~2. Quantity received.~~
~~3. Date of administration.~~
~~4. Name of patient.~~
~~5. Name of medication.~~
~~6. Dosage administered.~~
~~7. Name of physician responsible for the order.~~

~~H. Record subject to inspection: The "Proof of Usage" book must be kept up to date at all times and is subject to inspection by the Board of Pharmacy Inspectors.~~

~~I. Labeling of drugs: All legend drugs must be labeled in conformity with the federal Food, Drug and Cosmetic Act.~~

~~J. Types of legend drugs: The types of medication included in this category other than emergency injectables are:~~

~~1. Sedatives.~~
~~2. Tranquilizers.~~
~~3. Anticonvulsants.~~
~~4. Analgesics.~~
~~5. Skeletal muscle relaxants.~~
~~6. Biologicals for immunization.~~

~~R4-23-708. Proprietary Drugs~~

~~A. Registered nurse may administer: These medications may be administered by a registered nurse for minor disorders encountered by employees during their work periods.~~

~~B. Single dose from bulk package: A single dose of medication may be administered by the nurse from a bulk package.~~

~~C. Prepackaged drugs: In instances where the employee should be provided more than one dose of a non-legend drug, to be subsequently used by the employee, such drugs may be supplied only in the original package of a drug manufacturer, with printed directions, warnings, etc., as required by the federal Food, Drug and Cosmetic Act. Such drugs may not be sold by the Medical Station unless a Patent and Proprietary license is obtained from the Board of Pharmacy.~~

~~D. List of proprietary drugs: Proprietary drugs which might be used would include the following general classifications:~~

~~1. "Cold" medication.~~
~~2. Analgesics.~~
~~3. Antacids.~~
~~4. Antidiarrheics.~~
~~5. Laxatives.~~
~~6. Dysmenorrhea medications.~~
~~7. Antiseptics.~~
~~8. Hydrogen peroxide.~~
~~9. Ointments and salves.~~
~~10. Antihistamines (non-legend).~~

~~R4-23-709. Notice of Location and Inspection~~

~~A. Location and nurse's name to be filed with Board: A notice of the location of an Industrial Medical Station must be filed with the Arizona State Board of Pharmacy within 30 days with the name of the Arizona physician responsible for its operation, and the name of the Arizona registered nurse who will be in charge in the absence of the physician. A notice of any change of such personnel shall also be filed within 30 days with the Board of Pharmacy.~~

~~B. First Aid Stations with 50 or more employees: Companies which maintain First Aid Stations for 50 or more employees shall notify the Board of the existence of such stations.~~

~~C. Stations subject to inspection: Industrial Medical Stations and First Aid Stations are subject to inspection by Arizona State Board of Pharmacy Inspectors.~~

NOTICE OF PROPOSED RULEMAKING

TITLE 12. NATURAL RESOURCES

CHAPTER 4. GAME AND FISH COMMISSION

PREAMBLE

1. Sections Affected
   R12-4-317

   Rulemaking Action
   New Section

2. **The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

   Authorizing statute: A.R.S. § 17-231(A)(1)

   Implementing statute: A.R.S. § 17-231(A)(2)

3. **The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

   Name: Susan L. Alandar, Administrative Services Manager

   Address: Arizona Game and Fish Department DO AS
   2221 West Greenway Road
   Phoenix, Arizona 85023-4399

Telephone: (602) 789-3289

Fax: (602) 789-3299

4. **An explanation of the rule, including the agency's reasons for initiating the rule:**

Background. In late 1997, some individuals began promoting a hunting contest which they called "Predator Hunt Extreme." They offered a $10,000 first prize, and valuable other prizes, for anyone who entered their contest and killed the most predators -- specifically bobcats, mountain lion, coyotes, and foxes. In their promotional materials, they introduced themselves as "hard-core mule deer hunters" and stated "*We became concerned with the damage to our wildlife after Arizona voted to ban trapping on public ground. We wanted to help our wildlife out the best we could. Our solution? Predator Hunt Extreme.*"

This promotion quickly became a media event, and there was a negative reaction from many members of the public. Even after the hunt was cancelled in response to public reaction, there was concern from many that there were no laws in place to keep such a contest from happening in the future.

The role of the Department and the Commission. The mission of the Arizona Game and Fish Department is "...to conserve, enhance and restore Arizona's diverse wildlife resources ...and to provide wildlife resources...for the enjoyment, appreciation, and use of present and future generations." The Department's work is supported not by tax dollars, but by revenue generated from the sale of hunting and fishing licenses. There are many people, however, who do not hunt or fish, but who do enjoy Arizona wildlife in other ways. These persons, too, are the Department's beneficiaries -- included in the "present and future generations" for which the Department manages wildlife. The Department must constantly balance the needs and desires of all of its customers and beneficiaries within the framework of its mission, which is founded in the wildlife laws of Arizona and the policies established by the Arizona Game and Fish Commission.

All of the Commission's policies, which affect the rights of the public, are established in *rule* or *order*. The State *rulemaking* process is governed by the Administrative Procedure Act, which is written to allow the greatest possible public participation during rulemaking, and to ensure that State agencies evaluate all of the issues raised by the public during the participation period. The Commission cannot change or create a rule without following the rulemaking process. Commission *orders* are adopted annually after a separate public participation process. They have a limited authority and may generally only establish hunting seasons and bag and possession limits. Orders cannot address peripheral activities such as hunting contests.

Public requests for rule change. Two "petitions for rule" were filed on the hunting contest issue. (A.R.S. § 41-1033 allows any person to file a petition for rule with a State agency following procedures established by the agency.) The 1st petition was filed by the Wildlife Conservation Advisory Council. The Council is comprised of organization members. Its organization members consist of 32 wildlife and sportsmen organizations statewide, whose combined memberships by Arizona residents number approximately 40,000. Their petition was considered and accepted by the Arizona Game and Fish Commission at its open meeting of April 18, 1998. Upon accepting the petition, however, the Commission gave direction to the Department to file a *Notice of Rulemaking Docket Opening* broad enough to allow flexibility in developing rule language. This was agreed to by the petitioner, who was also aware that a 2nd petition had been filed on this issue.

The 2nd petition was filed jointly by the Animal Legal Defense Fund, Humane Society of the United States, Defenders of Wildlife, Animal Protection Institute, Predator Education Fund, Wildlife Damage Review, Arizona Humane Society, Arizona Society for the Prevention of Cruelty to Animals, Fund for Animals, and the Grand Canyon Trust. All but 2 of these organizations are national. Arizona memberships total 179,000 persons.

Representatives for both of the petitioners worked together to come up with rule language which would be acceptable to the petitioners and to the Department. Based upon this language, the Department drafted a *Notice of Proposed Rulemaking* and brought it to the Arizona Game and Fish Commission for consideration at its open meeting on June 20, 1998.

What the rule would do. The rule is crafted to prohibit broad-scale contests like "Predator Hunt Extreme," which was open to all, offered valuable prizes, and drew widespread media attention and negative public reaction, without taking away the privileges of hunters who enjoy participating in traditional small contests which do not have negative impact on wildlife populations. It does this by prohibiting a person from participating, promoting, or soliciting participation in any hunting contest for taking predatory animals, fur-bearing animals, or nongame mammals, unless very specific criteria are met. All 3 of the criteria in subsection (B) must be met in order for the contest to be lawful.

First, the contest must not be opened or advertised to the general public unless participation is limited to 5 or fewer persons. This means that groups which have traditionally held contests among their own memberships will be able to continue doing so. Hunts such as the "Predator Hunt Extreme" are extremely rare -- in fact, the Department is not aware of any hunting contest offering prizes of such great value before. Generally hunting contests are organized and put on by sporting organizations with limited memberships. The number of persons involved in these contests varies dependent upon the organization's size and ability to draw contestants. Most contests are structured around teams of 2 persons and average 20 to 40 teams.

The rule's next requirement is that the maximum aggregate value of all prizes awarded cannot be more than $500. This, too, allows organized groups to continue without change, as prizes are generally very small and often consist of no more than a trophy. Sometimes the "grand prize" is a perpetual trophy, which is not retained, but passed on to the next year's winner. Prizes are usually trophies or small cash prizes (less than $50.) Larger annual contests might involve larger prizes donated or "pooled" by club members.

Third, the event cannot be longer than 3 days (not counting bad weather days). At this time the Department is aware of 2 groups

which this would affect, as they have traditional contests which last for 6 months during which members generally hunt intermittently during this period. Duration of the hunts is usually 2 days -- weekends being the only time available to many to participate.

These hunts usually occur around the state from October through April and there are about 2 a month statewide. Their actual impact on wildlife populations is small. Between 10,000 to 15,000 hunters take about 25,000 coyotes each year. Of these, hunting contests account for approximately (high estimate) 500 to 600. As is discussed below, the coyote population is anywhere from 300,000 to 400,000 at the beginning of this season.

The last requirement of the rule relates to reporting the number of animals taken in a hunting contest to the Department. This was a suggestion of the Wildlife Conservation Advisory Council and will allow the Department to more closely track the numbers of animals taken in hunting contests.

Animals affected. A.R.S. § 17-234 says, "Closed season shall be in effect unless opened by Commission order." In other words, if the Game and Fish Commission does not adopt an order establishing an open season for hunting a species of wildlife, that wildlife cannot be hunted. Hunting contests of any kind are not and could not be lawful if there is no open season during which to hunt.

The animals affected by this rule are therefore only wildlife for which there is an open season. The rule refers to "predatory animals, fur-bearing animals, and nongame mammals."

A.R.S. § 17-101 (B) defines the following terms:

5. **A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

   Not applicable.

6. **The preliminary summary of the economic, small business, and consumer impact:**

   The rule is crafted to prohibit broad-scale contests like "Predator Hunt Extreme," which was open to all, offered valuable prizes, and drew widespread media attention and negative public reaction, without taking away the privileges of hunters who enjoy participating in traditional small contests which do not have negative impact on wildlife populations. Since broad-scale hunts such as "Predator Hunt Extreme" are extremely rare (the Department is not aware of any similar hunt having been held), the economic impact of this rule will not be great. There should be no impact on small business or consumers.

7. **The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

   Name: John Phelps, Predator/Furbearer Biologist

   Address: Arizona Game and Fish Dept. WM GM
   Wildlife Management Division
   2221 West Greenway Road
   Phoenix, Arizona 85023-4399

   Telephone: (602) 789-3352

8. **The time, place, and nature of the proceedings for the adoption, amendment, or repeal of the rule or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

   Written comments will be accepted at the above address until September 3, 1998. Public hearings to discuss this proposed rule will be held follows:

   Date: September 3, 1998

   Time: 7 p.m.

   Location: Arizona Game and Fish Department
   2878 East White Mountain Blvd.
   Pinetop, Arizona

   Date: September 2, 1998

   Time: 7 p.m.

   Location: Arizona Game and Fish Department
   3500 Lake Mary Road
   Flagstaff, Arizona

   Date: September 2, 1998

   Time: 7 p.m.

   Location: Arizona Game and Fish Department
   5325 North Stockton Hill Road
   Kingman, Arizona

Date:	September 3, 1998
Time:	7 p.m.
Location:	Arizona Game and Fish Department 9140 East County 10 1/2 Street Yuma, Arizona
Date:	September 3, 1998
Time:	7 p.m.
Location:	Arizona State Office Complex 400 West Congress, Room 158 Tucson, Arizona
Date:	September 2, 1998
Time:	7 p.m.
Location:	Ramada Inn 420 East Highway 70 Safford, Arizona
Date:	September 2, 1998
Time:	7 p.m.
Location:	Mesa Conference Center 263 North Center Mesa, Arizona

The Game and Fish Commission will hold an additional public hearing and may take final action to amend the rule on:

Date:	October 24, 1998
Time:	1:30 p.m.
Location:	Wyndham Garden Hotel 2641 West Union Hills Drive Phoenix, Arizona

The Arizona Game and Fish Commission follows Title II of the Americans with Disabilities Act. The Commission does not discriminate against persons with disabilities who wish to make oral or written comments on proposed rulemaking or otherwise participate in the public comment process. Individuals with disabilities who need a reasonable accommodation (including auxiliary aids or services) to participate in the public comment process, or who require this information in an alternate form, may contact Susan L. Alandar at (602) 789-3289 (voice); 1-800-367-8939 (TDD); 2221 West Greenway Road, Phoenix, Arizona 85023-4399. Requests should be made as soon as possible so that the Arizona Game and Fish Department will have sufficient time to respond.

9. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:
Not applicable.

10. Incorporations by reference and their location in the rules:
Not applicable.

11. The full text of the rules follows:

TITLE 12. NATURAL RESOURCES

CHAPTER 4. GAME AND FISH COMMISSION

ARTICLE 3. TAKING AND HANDLING OF WILDLIFE

Section
R12-4-317. Hunting Contests

ARTICLE 3. TAKING AND HANDLING OF WILDLIFE

R12-4-317. Hunting Contests

A. A person shall not participate, promote, or solicit participation in any hunting contest for taking predatory animals, furbearing animals, or nongame mammals.

B. There shall be an exception to subsection (A) for events meeting the following criteria:

1. The event is not open or advertised to the general public, or is limited to participation by 5 or fewer persons;
2. The maximum aggregate economic benefit to be awarded to all participants is $500; and
3. The maximum length for the event is 3 days, not including days cancelled because of inclement weather.

C. A person or group organizing, promoting, or soliciting participation in a hunting contest which is lawful under this rule shall submit a written report to the Department within 7 days of the conclusion of the contest. The report shall specify the name and mailing address of the person or group reporting, and the number of each species of animal taken from each game management unit during the event.

NOTICE OF PROPOSED RULEMAKING

TITLE 15. REVENUE

CHAPTER 4. DEPARTMENT OF REVENUE
PROPERTY AND SPECIAL TAX SECTION

PREAMBLE

1. Sections Affected / Rulemaking Action

R15-4-110	Repeal
R15-4-301	Repeal
R15-4-303	Repeal
R15-4-402	Repeal
R15-4-506	Repeal

2. **The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

Authorizing statute: A.R.S. §§ 42-105 and 42-141

Implementing statute: A.R.S. §§ 42-144, 42-144.01, 42-145, 42-179.01, 42-702, 42-704, 42-793 and 42-793.01

3. **The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: Cheryl Murray-Leyba, Administrator

Address: Valuations Section
Arizona Department of Revenue
1600 West Monroe
Phoenix, Arizona 85007

Telephone: (602) 542-3529

or

Name: Ernest Powell, Tax Analyst

Address: Tax Research and Analysis Section
Arizona Department of Revenue
1600 West Monroe
Phoenix, Arizona 85007

Telephone: (602) 542-4672

Fax: (602) 542-4680

4. **An explanation of the rules, including the agency's reasons for initiating the rule:**

These rules deal with the valuation of property for property tax purposes. As a result of legislative changes and the 5-year review of Title 15, Chapter 4, the department is repealing these rules because they are repetitive of or contrary to current statute.

5. **A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable.

6. **The preliminary summary of the economic, small business, and consumer impact:**

The repeal of these rules will benefit the public by eliminating obsolete rules which no longer serve their intended purpose. The department will incur the costs associated with the rulemaking process. Taxpayers are not expected to incur any expense in the repeal of these rules.

7. **The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Ernest Powell, Tax Analyst

Address: Tax Research and Analysis Section

Arizona Department of Revenue
1600 W. Monroe
Phoenix, Arizona 85007

Telephone: (602) 542-4672

Fax: (602) 542-4680

8. **The time, place, and nature of the proceedings for the adoption, amendment, or repeal of the rule or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**
   The department has not scheduled any oral proceedings. Written comments on the proposed rules or preliminary economic, small business, and consumer impact statements may be submitted to the person listed above. Pursuant to A.R.S. § 41-1023(C), the department will schedule oral proceedings if 5 or more people file written requests for oral proceedings within 30 days after the publication of this notice.

9. **Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**
   Not applicable.

10. **Incorporations by reference and their location in the rules:**
    None.

11. **The full text of the rules follows:**

TITLE 15. REVENUE

CHAPTER 4. PROPERTY AND SPECIAL TAX SECTION

ARTICLE 1. PROPERTY VALUATION

Section
R15-4-110. ~~Taxpayer protest of valuations~~ Repealed

ARTICLE 3. VALUATION OF AIRLINE PROPERTY

R15-4-301. ~~General~~ Repealed
R15-4-303. ~~Valuation procedure for airline flight property~~ Repealed

ARTICLE 4. CLASS SEVEN LIMITED VALUE AND ASSESSMENT RATIO

R15-4-402. ~~Calculation of limited value for railroads~~ Repealed

ARTICLE 5. VALUATION OF PIPELINE AND TELECOMMUNICATION COMPANIES

R15-4-506. ~~Residual value method~~ Repealed

ARTICLE 1. PROPERTY VALUATION

R15-4-110. ~~Taxpayer protest of valuations~~

~~From May 1 to May 10, valuations of mines, railroads, pipelines, gas, water, electric, and telecommunications companies, may be disclosed to such taxpayers upon request. Any such taxpayer who disagrees with the valuation of the Department of Revenue may file with the Department a written protest stating the grounds of objection. Such protest may be filed at any time between May 10 and May 20, inclusive. The Department shall decide such protest and make appropriate changes in the valuations when the taxpayer is granted relief. Such decisions and changes in valuation shall be made prior to the first Monday in June.~~

ARTICLE 3. VALUATION OF AIRLINE PROPERTY

R15-4-301. ~~General~~

~~A. For the purpose of determining the full cash value of flight property the Department shall annually utilize the original cost less depreciation method described in R15-4-303. Flight property shall be valued as of January 1 of the tax year.~~

~~B. The limited property value shall be the full cash value of the property.~~

~~C. The Department shall prepare valuation worksheets annually on the flight property of each airline company operating in Arizona. The worksheets will be furnished to the taxpayer upon request on or before the first Monday in June.~~

~~D. Upon written request from the taxpayer, the Department shall hold informal conferences prior to the first Monday in June to review the full cash value determination. When the taxpayer cannot attend, the informal conference will be held by Department staff. The Department shall determine if a valuation change is appropriate and notify the taxpayer of its decision by letter dated on or before the first Monday in June.~~

R15-4-303. ~~Valuation procedure for airline flight property~~

~~A. The full cash value of flight property shall be determined by fleet type. The full cash value of each fleet type shall be its systemwide original cost less depreciation, multiplied by the Arizona allocation factor for that fleet type. Original cost shall be reported by fleet type.~~

~~B. Depreciation shall be computed using fifteen year straight line depreciation to salvage value. Salvage value shall be ten percent of original cost of aircraft which are out of production and twenty five percent of original cost of aircraft which are being manufactured as of January 1 of the tax year.~~

~~C. The full cash value for each fleet type operated in Arizona during the preceding calendar year, shall be allocated to Arizona based on the sum of the following ratios:~~

~~1. One half of the ratio of total state ground time to total system ground time.~~

~~2. One half of the ratio of Arizona mileage scheduled to total system mileage scheduled.~~

~~D. In the event of an error in the assessed value caused by an error in reporting by the taxpayer, the Department shall correct the assessed value. If such correction results in an increase in value, the Department shall notify the taxpayer by certified mail of the correct valuation at least twenty days in advance of the hearing at which such increase is proposed to be accomplished. If such correction results in a decrease in value, the Department shall notify the taxpayer of a reduction in the valuation.~~

ARTICLE 4. CLASS SEVEN LIMITED VALUE AND ASSESSMENT RATIO

R15-4-402. ~~Calculation of limited property value for railroads~~

~~A. The Department shall annually determine the limited property value of each parcel of railroad operating property by the first Monday in June of the tax year in accordance with this regulation. Each parcel of railroad operating property shall be identified by a four-digit county tax area code. Each parcel shall include all operating railroad property located within that county tax area code, including any operating railroad property apportioned or distributed to that county tax area code.~~

~~B. The limited property value of each parcel shall be the sum of the limited property value of the real property plus the full cash value of the personal property. The values of real and personal property shall reflect the value of all railroad property which the Department is required to value by A.R.S. § 42-762.~~

~~C. The limited property value of the real property for each parcel shall be calculated in accordance with A.R.S. § 42-201.02.~~

~~D. The limited property value for a parcel that was not valued by the Department in the prior tax year, or for a parcel that has been modified by construction, destruction or demolition since the prior tax year, or for a parcel that has been split, subdivided or consolidated since the prior tax year, shall be established at the following level or percentage of its full cash value: the ratio which the limited property value of all other operating railroad parcels bears to the full cash value of such property for the current tax year. The value of personal property shall be excluded from the calculation of the above ratio.~~

~~E. If the full cash value of a railroad is changed after the first Monday in June of the tax year, the Department shall recalculate the limited property value of each parcel based on the revised full cash value.~~

ARTICLE 5. VALUATION OF PIPELINE AND TELECOMMUNICATION COMPANIES

R15-4-506. ~~Residual value method~~

~~A. The residual value method shall be used as a test of the reconciled value estimate derived by the three approaches described in R15-4-503, R15-4-504, and R15-4-505. If the reconciled value, after allocation to Arizona, falls below residual value, then the residual value shall be the full cash value of the subject property. The Department shall determine the appropriate residual factors to be used in the valuation of pipeline and telecommunications properties.~~

~~B. Residual value shall be calculated as follows:~~

~~1. Original cost of operating property including plant in service, materials and supplies, and gas stored underground (noncurrent only);~~
~~2. Less the original cost of the land;~~
~~3. Multiplied by the residual factor for that industry;~~
~~4. Allocated to Arizona;~~
~~5. Plus the market value of the Arizona land;~~
~~6. Plus the book value of construction work in progress in Arizona; and~~
~~7. Plus the market value of leased and rented properties times the Arizona allocation factor.~~