

Arizona Administrative REGISTER

Published by the Department of State ~ Office of the Secretary of State

Vol. 21, Issue 50

~ Administrative Register Contents ~

December 11, 2015

Information	3114
Rulemaking Guide	3115
<u>RULES AND RULEMAKING</u>	
Proposed Rulemaking, Notices of	
4 A.A.C. 39 Board for Private Postsecondary Education	3117
19 A.A.C. 3 State Lottery Commission	3146
Supplemental Proposed Rulemaking, Notices of	
14 A.A.C. 5 Corporation Commission - Transportation	3158
Final Exempt Rulemaking, Notices of	
2 A.A.C. 20 Citizens Clean Elections Commission	3168
<u>OTHER AGENCY NOTICES</u>	
Docket Opening, Notices of Rulemaking	
18 A.A.C. 2 Department of Environmental Quality - Air Pollution Control	3173
Substantive Policy Statement, Notices of Agency	
Board of Behavioral Health Examiners	3175
Board of Behavioral Health Examiners	3176
Board of Behavioral Health Examiners	3177
Board of Behavioral Health Examiners	3178
Board of Behavioral Health Examiners	3179
Board of Behavioral Health Examiners	3180
Board of Behavioral Health Examiners	3181
Board of Behavioral Health Examiners	3182
<u>GOVERNOR'S OFFICE</u>	
Governor's Executive Orders	
E.O. 2015-01: Internal Review of Administrative Rules; Moratorium to Promote Job Creation and Customer-Service-Oriented Agencies	3183
Governor's Proclamations	
Arizona Adoption Month	3185
Arizona Diabetes Awareness Month	3185
Arizona Family Caregiver Month	3186
Arizona Home Care Month	3187
Complex Regional Pain Syndrome Awareness Day	3188
Elevator Escalator Safety Awareness Week	3188
Geography Awareness Week	3189
Governor Calling a First Special Session	3189
International Education Week	3190
<u>INDEXES</u>	
Register Index Ledger	3191
Rulemaking Action, Cumulative Index for 2015	3192
Other Notices and Public Records, Cumulative Index for 2015	3199
<u>CALENDAR/DEADLINES</u>	
Rules Effective Dates Calendar	3201
Register Publishing Deadlines	3203
<u>GOVERNOR'S REGULATORY REVIEW COUNCIL</u>	
Governor's Regulatory Review Council Deadlines	3204

DIRECTOR
Public Services Division
Scott Cancelosi

PUBLISHER
Secretary of State
MICHELE REAGAN

RULES MANAGING EDITOR
Arizona Administrative Register
Rhonda Paschal

From the Publisher

ABOUT THIS PUBLICATION

The paper copy of the *Administrative Register* (A.A.R.) is the official publication for rules and rulemaking activity in the state of Arizona.

Rulemaking is defined in Arizona Revised Statutes known as the Arizona Administrative Procedure Act (APA), A.R.S. Title 41, Chapter 6, Articles 1 through 10.

The Office of the Secretary of State does not interpret or enforce rules published in the *Arizona Administrative Register* or *Code*. Questions should be directed to the state agency responsible for the promulgation of the rule as provided in its published filing.

The *Register* is cited by volume and page number. Volumes are published by calendar year with issues published weekly. Page numbering continues in each weekly issue.

In addition, the *Register* contains the full text of the Governor's Executive Orders and Proclamations of general applicability, summaries of Attorney General opinions, notices of rules terminated by the agency, and the Governor's appointments of state officials and members of state boards and commissions.

ABOUT RULES

Rules can be: made (all new text); amended (rules on file, changing text); repealed (removing text); or renumbered (moving rules to a different Section number). Rules activity published in the *Register* includes: proposed, final, emergency, expedited, and exempt rules as defined in the APA.

Rulemakings initiated under the APA as effective on and after January 1, 1995, include the full text of the rule in the *Register*. New rules in this publication (whether proposed or made) are denoted with underlining; repealed text is stricken.

WHERE IS A "CLEAN" COPY OF THE FINAL OR EXEMPT RULE PUBLISHED IN THE REGISTER?

The *Arizona Administrative Code* (A.A.C.) contains the codified text of rules. The A.A.C. contains rules promulgated and filed by state agencies that have been approved by the Attorney General or the Governor's Regulatory Review Council. The *Code* also contains rules exempt from the rulemaking process.

The printed *Code* is the official publication of a rule in the A.A.C. is prima facie evidence of the making, amendment, or repeal of that rule as provided by A.R.S. § 41-1012. Paper copies of rules are available by full Chapter or by subscription. The *Code* is posted online for free.

LEGAL CITATIONS AND FILING NUMBERS

On the cover: Each agency is assigned a Chapter in the *Arizona Administrative Code* under a specific Title. Titles represent broad subject areas. The Title number is listed first; with the acronym A.A.C., which stands for the *Arizona Administrative Code*; following the Chapter number and Agency name, then program name. For example, the Secretary of State has rules on rulemaking in Title 1, Chapter 1 of the *Arizona Administrative Code*. The citation for this chapter is 1 A.A.C. 1, Secretary of State, Rules and Rulemaking

Every document filed in the office is assigned a file number. This number, enclosed in brackets, is located at the top right of the published documents in the *Register*. The original filed document is available for 10 cents a copy.

Arizona Administrative REGISTER

Vol. 21

Issue 50

PUBLISHER
SECRETARY OF STATE
Michele Reagan

PUBLIC SERVICES STAFF
DIRECTOR
Scott Cancelosi

RULES MANAGING EDITOR
Rhonda Paschal

PRINTING
Demetrius Russaw

SUBSCRIPTIONS
ADMINISTRATIVE REGISTER
The printed version of the *Administrative Register* is the official publication of Arizona state agency rules.
Rates: \$275 yearly
New subscriptions, renewals and address changes contact customer service at
(602) 364-3224.

This publication is available online for free at www.azsos.gov.

ADMINISTRATIVE CODE
A price list for the *Arizona Administrative Code* is available online. You may also request a paper price list by mail. To purchase a paper Chapter, contact customer service at
(602) 364-3224.

PUBLICATION DEADLINES
Publication dates are published in the back of the *Register*. These dates include file submittal dates with a three-week turnaround from filing to published document.

CONTACT US
The Honorable Michele Reagan
Office of the Secretary of State
1700 W. Washington Street, Fl. 7
Phoenix, AZ 85007
(602) 542-4285

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Participate in the Process

Look for the Agency Notice

Review (inspect) notices published in the *Arizona Administrative Register*. Many agencies maintain stakeholder lists and would be glad to inform you when they proposed changes to rules. Check an agency's website and its newsletters for news about notices and meetings.

Feel like a change should be made to a rule and an agency has not proposed changes? You can petition an agency to make, amend, or repeal a rule. The agency must respond to the petition. (See A.R.S. § 41-1033)

Attend a public hearing/meeting

Attend a public meeting that is being conducted by the agency on a Notice of Proposed Rulemaking. Public meetings may be listed in the Preamble of a Notice of Proposed Rulemaking or they may be published separately in the *Register*. Be prepared to speak, attend the meeting, and make an oral comment.

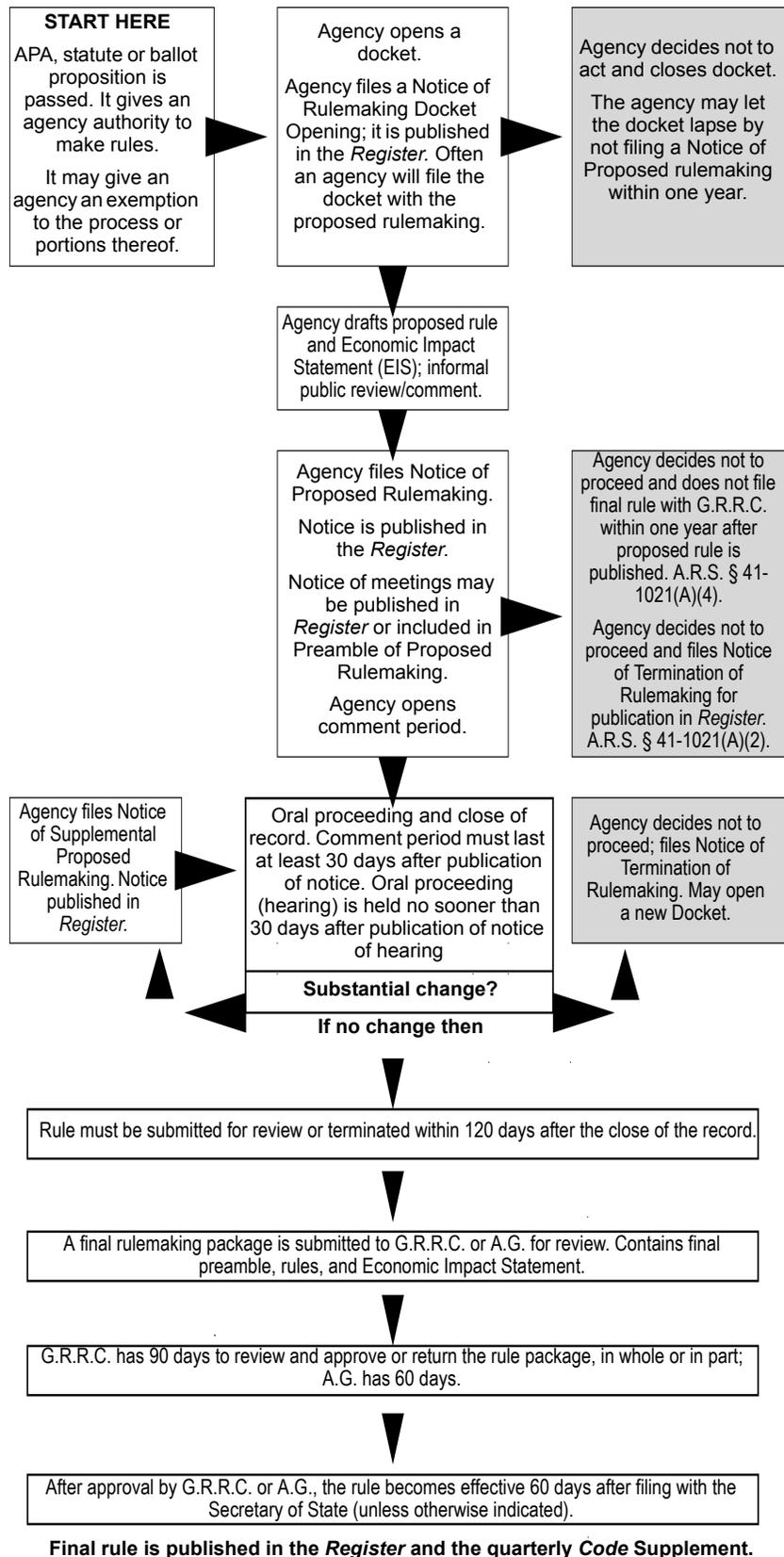
An agency may not have a public meeting scheduled on the Notice of Proposed Rulemaking. If not, you may request that the agency schedule a proceeding. This request must be put in writing within 30 days after the published Notice of Proposed Rulemaking.

Write the agency

Put your comments in writing to the agency. In order for the agency to consider your comments, the agency must receive them by the close of record. The comment must be received within the 30-day comment timeframe following the *Register* publication of the Notice of Proposed Rulemaking.

You can also submit to the Governor's Regulatory Review Council written comments that are relevant to the Council's power to review a given rule (A.R.S. § 41-1052). The Council reviews the rule at the end of the rulemaking process and before the rules are filed with the Secretary of State.

Arizona Regular Rulemaking Process



Definitions

Arizona Administrative Code (A.A.C.): Official rules codified and published by the Secretary of State's Office. Available online at www.azsos.gov.

Arizona Administrative Register (A.A.R.): The official publication that includes filed documents pertaining to Arizona rulemaking. Available online at www.azsos.gov.

Administrative Procedure Act (APA): A.R.S. Title 41, Chapter 6, Articles 1 through 10. Available online at www.azleg.gov.

Arizona Revised Statutes (A.R.S.): The statutes are made by the Arizona State Legislature during a legislative session. They are compiled by Legislative Council, with the official publication codified by Thomson West. Citations to statutes include Titles which represent broad subject areas. The Title number is followed by the Section number. For example, A.R.S. § 41-1001 is the definitions Section of Title 41 of the Arizona Administrative Procedures Act. The "§" symbol simply means "section." Available online at www.azleg.gov.

Chapter: A division in the codification of the *Code* designating a state agency or, for a large agency, a major program.

Close of Record: The close of the public record for a proposed rulemaking is the date an agency chooses as the last date it will accept public comments, either written or oral.

Code of Federal Regulations (CFR): The *Code of Federal Regulations* is a codification of the general and permanent rules published in the *Federal Register* by the executive departments and agencies of the federal government.

Docket: A public file for each rulemaking containing materials related to the proceedings of that rulemaking. The docket file is established and maintained by an agency from the time it begins to consider making a rule until the rulemaking is finished. The agency provides public notice of the docket by filing a Notice of Rulemaking Docket Opening with the Office for publication in the *Register*.

Economic, Small Business, and Consumer Impact Statement (EIS): The EIS identifies the impact of the rule on private and public employment, on small businesses, and on consumers. It includes an analysis of the probable costs and benefits of the rule. An agency includes a brief summary of the EIS in its preamble. The EIS is not published in the *Register* but is available from the agency promulgating the rule. The EIS is also filed with the rulemaking package.

Governor's Regulatory Review (G.R.R.C.): Reviews and approves rules to ensure that they are necessary and to avoid unnecessary duplication and adverse impact on the public. G.R.R.C. also assesses whether the rules are clear, concise, understandable, legal, consistent with legislative intent, and whether the benefits of a rule outweigh the cost.

Incorporated by Reference: An agency may incorporate by reference standards or other publications. These standards are available from the state agency with references on where to order the standard or review it online.

Federal Register (FR): The *Federal Register* is a legal newspaper published every business day by the National Archives and Records Administration (NARA). It contains federal agency regulations; proposed rules and notices; and executive orders, proclamations, and other presidential documents.

Session Laws or "Laws": When an agency references a law that has not yet been codified into the Arizona Revised Statutes, use the word "Laws" is followed by the year the law was passed by the Legislature, followed by the Chapter number using the abbreviation "Ch.," and the specific Section number using the Section symbol (§). For example, Laws 1995, Ch. 6, § 2. Session laws are available at www.azleg.gov.

United States Code (U.S.C.): The Code is a consolidation and codification by subject matter of the general and permanent laws of the United States. The Code does not include regulations issued by executive branch agencies, decisions of the federal courts, treaties, or laws enacted by state or local governments.

Acronyms

A.A.C. – *Arizona Administrative Code*

A.A.R. – *Arizona Administrative Register*

APA – *Administrative Procedure Act*

A.R.S. – *Arizona Revised Statutes*

CFR – *Code of Federal Regulations*

EIS – *Economic, Small Business, and Consumer Impact Statement*

FR – *Federal Register*

G.R.R.C. – *Governor's Regulatory Review Council*

U.S.C. – *United States Code*

About Preambles

The Preamble is the part of a rulemaking package that contains information about the rulemaking and provides agency justification and regulatory intent.

It includes reference to the specific statutes authorizing the agency to make the rule, an explanation of the rule, reasons for proposing the rule, and the preliminary Economic Impact Statement.

The information in the Preamble differs between rulemaking notices used and the stage of the rulemaking.



NOTICES OF PROPOSED RULEMAKING

This section of the Arizona Administrative Register contains Notices of Proposed Rulemakings.

A proposed rulemaking is filed by an agency upon completion and submittal of a Notice of Rulemaking Docket Opening. Often these two documents are filed at the same time and published in the same Register issue.

When an agency files a Notice of Proposed Rulemaking under the Administrative Procedure Act (APA), the notice is published in the Register within three weeks of filing. See the publication schedule in the back of each issue of the Register for more information.

Under the APA, 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 making, amending, or repealing any rule. (A.R.S. §§ 41-1013 and 41-1022)

The Office of the Secretary of State is the filing office and publisher of these rules. Questions about the interpretation of the proposed rules should be addressed to the agency that promulgated the rules. Refer to item #4 below to contact the person charged with the rulemaking and item #10 for the close of record and information related to public hearings and oral comments.

NOTICE OF PROPOSED RULEMAKING

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 39. BOARD FOR PRIVATE POSTSECONDARY EDUCATION

[R15-179]

PREAMBLE

<u>1. Articles, Parts, and Sections Affected (as applicable)</u>	<u>Rulemaking Action</u>
R4-39-101	Amend
R4-39-102	Amend
R4-39-103	Amend
R4-39-104	Amend
R4-39-105	Amend
R4-39-106	Amend
R4-39-107	Amend
R4-39-108	Amend
R4-39-109	Amend
R4-39-201	Amend
R4-39-301	Amend
R4-39-302	Amend
R4-39-303	Amend
R4-39-304	Amend
R4-39-305	Amend
R4-39-306	Amend
R4-39-307	Amend
R4-39-308	Amend
R4-39-401	Amend
R4-39-402	Amend
R4-39-403	Amend
R4-39-404	Amend
R4-39-405	Repeal
R4-39-406	Amend
R4-39-407	New Section
R4-39-408	New Section
Article 5	Amend
R4-39-501	Amend
R4-39-502	Amend
R4-39-503	Amend
R4-39-504	New Section
R4-39-601	Amend
R4-39-602	Amend



R4-39-603

Amend

2. Citations to the agency's statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):

Authorizing statute: A.R.S. §§ 32-3003(A)(3) and 32-3073(A)(6)

Implementing statute: A.R.S. §§ 32-3003(A)(5), (7), and (8), 32-3021, 32-3022, 32-3023, 32-3025, 32-3027, 32-3052, 32-3073

3. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the proposed rule:

Notice of Rulemaking Docket Opening: 21 A.A.R. 2983, November 27, 2015

4. The agency's contact person who can answer questions about the rulemaking:

Name: Teri Stanfill, Executive Director

Address: 1400 W. Washington St., Room 260
Phoenix, AZ 85007

Telephone: (602) 542-5709

Fax: (602) 542-1253

E-mail: teri.stanfill@azppse.az.gov

Web site: www.ppse.az.gov

5. An agency's justification and reason why a rule should be made, amended, repealed, or renumbered, to include an explanation about the rulemaking:

In a five-year-review report approved by Council on September 13, 2011, the Board indicated it planned to amend all of its rules to ensure they are consistent with statute and agency and industry practice. The language of the rules also needed to be updated. The rulemaking completes the planned course of action.

An exemption from Executive Order 2015-01 was provided for this rulemaking by Ted Vogt, Chief of Operations in the Governor's office, in an e-mail dated February 6, 2015.

6. A reference to any study relevant to the rule that the agency reviewed and proposes either to rely on or not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

The Board does not intend to review or rely on any study in its evaluation of or justification for the rules in this rulemaking.

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

Not applicable

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

The Board believes the rulemaking will have minimal effect on applicants, licensees, and students. The primary goal of the rulemaking was to make the rules more clear and understandable and consistent with Board practice. To this end, the Board clarified that it is a private postsecondary educational institution that is licensed to operate. A licensed institution is authorized to offer programs. The rulemaking also clarifies the differences among a regular, conditional, and provisional license.

The following changes are the source of the minimal economic impact of the rulemaking:

- The overall time frame for the Board to act on an application for license renewal is reduced;
- A provision is added that the Board will close an application file if the application remains administratively incomplete after the applicant responds to a second notice of deficiency;
- Several grounds for denying or not renewing a license are added;
- Some additional actions require that a licensee provide notice to the Board;
- Consequences of allowing a license to expire are clarified;
- Amount of liability insurance is reduced for small institutions;
- Requirements for a year-end financial statement are reduced for small institutions;
- Requirements regarding preservation of student records when an institution ceases to operate are strengthened;
- Clarified that the Board will accept complaints from non-students;
- Section regarding transfer of credit is added; and
- Section regarding assessing costs the Board incurs in the process of determining that a person violated statute or rule is added.

9. The agency's contact person who can answer questions about the economic, small business, and consumer impact statement:

Name: Teri Stanfill, Executive Director



Address: 1400 W. Washington St., Room 260
Phoenix, AZ 85007
Telephone: (602) 542-5709
Fax: (602) 542-1253
E-mail: teri.stanfill@azppse.az.gov
Web site: www.ppse.az.gov

10. The time, place, and nature of the proceedings to make, amend, repeal, or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

An oral proceeding regarding the proposed rules will be held as follows:

Date: Thursday, January 28, 2016
Time: 10:00 a.m.
Location: 1400 W. Washington St., Room B1
Phoenix, AZ 85007

11. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

There are no other matters prescribed by statute regarding this rulemaking. However, in the exemption from Executive Order 2015-01 provided for this rulemaking by Ted Vogt, Chief of Operations in the Governor's office, in an e-mail dated February 6, 2015, the Board was instructed to consult with the Governor's office, through Dawn Wallace, on an ongoing basis throughout the rulemaking process. The Board did as instructed.

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:

The licenses described in R4-39-102 are general permits consistent with A.R.S. § 41-1037 because they are issued to qualified individuals or entities to conduct activities that are substantially similar in nature.

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:

The rules are not more stringent than federal law. There are numerous federal laws that apply to the operation of colleges and universities including private postsecondary educational institutions. In particular, a private postsecondary educational institution is required under 34 CFR §§ 600.4(a)(3), 600.5(a)(4), and 600.6(a)(3) to be "legally authorized to provide an educational program beyond secondary education in the State in which the institution is physically located." 34 CFR § 600.9 provides the requirements for state authorization. The Board is part of that requirement. The entities licensed by the Board must comply with all the federal laws. However, although the Board is necessary to provide state authorization for private postsecondary educational institutions, there is no federal law directly applicable to the Board.

c. Whether a person submitted an analysis to the agency that compares the rule's impact on the competitiveness of business in this state to the impact on business in other states:

No analysis was submitted.

12. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:

No material is incorporated by reference.

13. The full text of the rules follows:

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 39. BOARD FOR PRIVATE POSTSECONDARY EDUCATION

ARTICLE 1. DEFINITIONS, LICENSURE, REPORTING

Table listing sections R4-39-101 through R4-39-107 with their respective titles: Definitions, Licensure and Licensure Procedures Licenses Issued and Licensing Time Frames, Requirements for a Regular License to Operate a Private Accredited Vocational Institution or a Private Accredited Degree-granting Institution in Arizona, etc.



- R4-39-108. Institution in Arizona
Surety Bond, Cash Deposit, or ~~Equivalent Security Requirements~~ Letter of Credit; Insurance Requirements; Financial Statement Requirements; and Finance Committee
- R4-39-109. Supplemental License Applications
- R4-39-110. Change of Ownership or Control
- R4-39-111. Honorary Degrees

ARTICLE 2. FEES

- Section
- R4-39-201. Fees

ARTICLE 3. OPERATION OF PRIVATE NON-ACCREDITED INSTITUTIONS

- Section
- R4-39-301. Catalog
- R4-39-302. Facilities and Equipment
- R4-39-303. Staff
- R4-39-304. Advertising
- R4-39-305. Recruitment
- R4-39-306. Admission Requirements
- R4-39-307. Placement
- R4-39-308. Tuition, Pricing, Refund Policies

ARTICLE 4. OPERATION OF ALL LICENSED INSTITUTIONS

- Section
- R4-39-401. Student Records
- R4-39-402. Preservation of Records
- R4-39-403. ~~Student~~ Complaint Procedures
- R4-39-404. Tuition Refund Policy
- R4-39-405. ~~Student Loans and Financial Aid~~ Repealed
- R4-39-406. ~~Closure of an Institution or Cessation of~~ Closing a Licensee; Ceasing to Offer a Program; Teach-out Plan
- R4-39-407. Use of Terms
- R4-39-408. Transfer of Credit

ARTICLE 5. INVESTIGATIONS; ~~AND~~ HEARING PROCEDURES; AND ASSESSING COSTS

- Section
- R4-39-501. Investigations
- R4-39-502. Hearings
- R4-39-503. Rehearing or Review of Board’s Decision
- R4-39-504. Assessing Costs

ARTICLE 6. STUDENT TUITION RECOVERY FUND

- Section
- R4-39-601. Submission of Assessments
- R4-39-602. Claims
- R4-39-603. Student Records

ARTICLE 1. DEFINITIONS, LICENSURE, REPORTING

R4-39-101. Definitions

In addition to the definitions in A.R.S. §§ 32-3001 and 32-3071, the following definitions apply in this Chapter unless the context otherwise requires:

1. “Accreditation” has the same meaning as “accredited” in A.R.S. § 32-3001.
2. “Applicant” means a private postsecondary educational institution on whose behalf an application is submitted to the Board for a license to operate the institution and offer vocational programs or grant degrees.
2. ~~“Board” means the Arizona State Board for Private Postsecondary Education.~~
3. “Conditional license” means a non-renewable one-year license issued by the Board to a ~~new~~ private non-accredited vocational institution or a ~~new private non-accredited~~ degree-granting institution.
4. “Day.” means a calendar day unless specified otherwise.
5. “DE” means the United States Department of Education.
6. “GTR” means gross tuition revenue.
7. “Licensee” means a private postsecondary educational institution that is licensed by the Board and offers vocational programs or grants degrees.
8. “Management capability,” as used in A.R.S. § 32-3051(10), means continuous coordination of all federal, state, and accreditation requirements, as applicable, in a manner that provides an educationally enriching environment that benefits students.
9. “Misrepresent” means to give a false or misleading representation with the intent to deceive or be unfair.



- 4. "New," as used in this Section and in R4-39-104 and R4-39-106 means a:
 - a. Private non-accredited vocational institution that has not previously been issued a license by the Board to operate as a private non-accredited vocational institution in this state, or
 - b. Private non-accredited degree-granting institution that has not previously been issued a license by the Board to operate as a private non-accredited degree-granting institution in this state.
- 5. "Person" has the meaning in A.R.S. § 1-215.
- 10. "Operate" has the meaning specified in § 32-3001 and includes the concept of "physical presence" as defined by the National Council for State Authorization Reciprocity Agreements Policies and Standards, dated August 19, 2014.
- ~~6-11.~~ "Provisional license" means a renewable one-year license issued by the Board to a private non-accredited degree-granting institution.
- ~~7-12.~~ "Regular license" means a renewable one-year license issued by the Board to a:
 - a. ~~private~~ Private accredited vocational institution, a ~~private~~
 - b. Private accredited degree-granting institution, or a ~~private~~
 - c. Private non-accredited vocational institution.
- ~~8-13.~~ "Signature" means:
 - a. A handwritten or stamped representation of an individual's name or a symbol intended to represent an individual's name, or
 - b. An "electronic signature" as defined in A.R.S. § 44-7002.
- 9-14. "Signing" means the act of providing a signature.
- ~~10-15.~~ "Staff" means an individual employed by or representing a private vocational institution or private degree-granting institution.
- ~~11-16.~~ "Student fees" means charges incurred by a student or a funding source on behalf of the student for registration, admission, tuition financing, ~~or loans, or charges for books, laboratory fees, or other education-related costs incurred by a student or other funding source on behalf of the student.~~
- 17. "Teach-out" means the process by which a private postsecondary educational institution fulfills its educational and contractual obligations to currently enrolled students before voluntarily closing a program the institution offers or before closing the institution.
- 18. "Tuition" means a fee paid for instruction at a college or university or a private school.

R4-39-102. Licensure and Licensure Procedures Licenses Issued and Licensing Time Frames

- A. ~~The Board may issue a conditional, regular, or supplemental license to a private institution to operate vocational programs. A license from the Board issued to a private degree-granting institution authorizes the institution to operate and grant degrees.~~
- B. ~~The Board may issue a conditional, provisional, regular, or supplemental license to a private institution to operate degree programs or grant degrees. A license from the Board issued to a private vocational institution authorizes the institution to operate and offer a vocational program.~~
- C. ~~If a private degree-granting or private vocational institution is accredited, the Board shall issue a regular license to the institution if the institution meets the standards in R4-39-103.~~
- D. ~~If a private degree-granting or private vocational institution is non-accredited, the Board shall issue a conditional license to the institution if the institution meets the standards in R4-39-104 or R4-39-106, as applicable. The institution may operate under a conditional license for only one year.~~
 - 1. ~~At the end of one year, the conditional license of a non-accredited, private, vocational institution becomes, upon approval, a regular license if the institution meets the standards in R4-39-105.~~
 - 2. ~~At the end of one year, the conditional license of a non-accredited, private, degree-granting institution becomes, upon approval, a provisional license if the institution meets the standards in R4-39-107.~~
- E. ~~A non-accredited, private, degree-granting institution may continue to operate with a provisional license if the institution continues to meet the standards in R4-39-107.~~
- ~~C.F. Licenses All licenses issued by the Board are effective for a 12-month period 12 months from the date of issuance. To continue to operate a private vocational institution or private degree-granting institution, a licensee shall annually renew the license under R4-39-105 or R4-39-107, as applicable.~~
- D. The Board shall issue the following licenses to private, vocational institutions:
 - 1. ~~An original license of an accredited, private, vocational institution is a regular license to operate vocational programs.~~
 - 2. ~~A license renewal of an accredited, private, vocational institution is a regular license to continue to operate vocational programs.~~
 - 3. ~~An original license of a new, non-accredited, private, vocational institution is a one year conditional license to operate vocational programs.~~
 - 4. ~~A license renewal of a non-accredited, private, vocational institution is a regular license to continue to operate vocational programs.~~
- E. The Board shall issue the following licenses to private, degree-granting institutions:
 - 1. ~~An original license of an accredited, private, degree-granting institution is a regular license to operate degree programs or grant degrees.~~



2. A license renewal of an accredited, private, degree-granting institution is a regular license to continue to operate degree programs or grant degrees.
3. An original license of a new, non-accredited, private, degree-granting institution that complies with the provisions of R4-39-106 is a conditional license to operate degree programs or grant degrees.
4. A license renewal of a non-accredited, private, degree-granting institution that complies with the provisions of R4-39-107 is a provisional license to continue to operate degree programs or grant degrees.

F.G. For the purpose of A.R.S. § 41-1073, the Board establishes the following licensing ~~time frames~~ time frames:

1. For an ~~original~~ a conditional or original regular license application to operate a vocational ~~programs~~ institution or an original a regular license application to operate ~~degree programs or grant degrees~~ a degree-granting institution:
 - a. Administrative completeness review ~~time frame~~ time frame: ~~90~~ 135 days;
 - b. Substantive review ~~time frame~~ time frame: ~~90~~ 45 days;
 - c. Overall ~~time frame~~ time frame: 180 days.
2. For a conditional or provisional license application to operate ~~degree programs or grant degrees~~ a degree-granting institution:
 - a. Administrative completeness review ~~time frame~~ time frame: ~~90~~ 150 days;
 - b. Substantive review ~~time frame~~ time frame: ~~150~~ 90 days;
 - c. Overall ~~time frame~~ time frame: 240 days.
3. For a ~~regular~~ license renewal application to continue to operate a vocational ~~programs, degree programs, or grant degrees~~ degree-granting institution or for a supplemental license application:
 - a. Administrative completeness review ~~time frame~~ time frame: ~~45~~ 60 days;
 - b. Substantive review ~~time frame~~ time frame: ~~90~~ 45 days;
 - c. Overall ~~time frame~~ time frame: ~~135~~ 105 days.

G.H. Within ~~90 days of receiving an original conditional or original regular license application to operate vocational programs or an original regular, original conditional, or provisional license application to operate degree programs or grant degrees, or within 45 days of receiving a regular license renewal application to continue to operate vocational programs, degree programs, or grant degrees or a supplemental license application~~ the time specified in subsection (G), the Board shall finish an administrative completeness review.

1. If the application is complete, the Board shall notify the applicant that the application is complete and that the administrative completeness review is finished. The substantive review will begin on the date the notice is served.
2. If the application is incomplete, the Board shall ~~notify~~ send the applicant ~~that the application is incomplete and specify a notice that specifies~~ what information is missing and ~~what other~~ deficiencies ~~are~~ found in the application. The administrative completeness review ~~time frame~~ time frame is suspended from the date the notice is served until the applicant provides the Board with a ~~revised application containing all the~~ missing information and ~~correcting~~ corrects all deficiencies.
 - a. An applicant with an incomplete application shall submit a ~~revised application~~ the missing information and correct the deficiencies within 60 days ~~of receipt of~~ after receiving the notice.
 - b. If the applicant cannot ~~submit a revised application within~~ comply with the 60-day ~~days of receipt of notice~~ deadline in subsection (H)(2)(a), the applicant may request an extension of no more than 30 days by submitting a written request ~~to the Board, documenting that documents~~ the reasons the applicant is unable to meet the 60-day deadline, ~~to the Board and is~~ postmarked or delivered ~~with 60 days of receipt of notice before the deadline specified in subsection (H)(2)(a)~~.
 - c. The Board shall grant the request for an extension of the 60-day deadline if the Board determines that the extension ~~of the 60-day deadline~~ will enable the applicant to submit a ~~revised application containing~~ all missing information and ~~correcting~~ correct all deficiencies. The Board shall grant only one extension of the 60-day deadline specified in subsection (H)(2)(a).
 - d. If the applicant responds to the notice provided under subsection (H)(2) by providing some of the missing information and correcting some of deficiencies but the Board determines the application is still incomplete, the Board shall send the applicant a second notice that specifies what information is missing and other deficiencies found in the application and provide the applicant with 60 days in which to complete the application. The Board shall not grant an extension of the 60-day deadline provided with a second deficiency notice.
 - e. If the applicant fails to submit all missing information or correct all deficiencies within the 60-day deadline provided under subsection (H)(2)(d), the Board shall close the application. An applicant whose application is closed and later wishes to be licensed shall submit a new application and pay the fee required under R4-39-201.
 - d.f. Upon receipt and review of the revised application, and within the administrative completeness review ~~time frame~~ time frame When the Board receives the missing information and the deficiencies are corrected, the Board shall notify the applicant that the administrative completeness review is finished. The substantive review will begin on the date the notice is served.
 - e. If the ~~revised application containing all missing information and correcting all deficiencies is not submitted within the 60 day deadline or the time permitted by an extension, the Board shall close the application. An applicant whose application is closed and who later wishes to seek licensure, shall apply anew.~~

H.I. Within 90 days from the date on which the administrative completeness review of an original conditional or original



regular license application to operate vocational programs, an original regular license application to operate degree programs or grant degrees, a regular license renewal application to continue to operate vocational programs, degree programs, or grant degrees or a supplemental license application is finished or within 150 days from the date on which the administrative completeness review of an original conditional or provisional license application to operate degree programs or grant degrees is finished the time specified in subsection (G), the Board shall complete a substantive review of the application, which may include an onsite verification, and render a decision.

- 1. ~~If the Board finds that the applicant meets all requirements defined in statute and rule, the Board shall grant the license.~~
- 2. ~~If the Board finds that the applicant fails to meet all requirements defined in statute and rule, the Board shall deny the license.~~
- 3. ~~1. If the Board finds deficiencies during the substantive review of the application, the Board shall issue a comprehensive written request, specifying the for additional documentation to be submitted information and the deadline for submission submitting the additional information. The time frame time frame for substantive review of an application is suspended from the date the comprehensive written request for additional documentation information is served until the date that all documentation information is received.~~
- 2. ~~When the applicant and Board agree in writing, the Board may make supplemental requests for information.~~
- 4. ~~3. When the applicant and the Board mutually agree in writing, the Board shall grant extensions of the substantive review time frame time frame totaling no more than 30 days.~~
- 5. ~~4. If the requested documentation is not submitted applicant fails to submit the additional information by the deadline date, the Board shall close the application. An applicant whose application has been is closed and who later wishes to seek licensure be licensed, shall apply anew submit a new application.~~

- J. ~~At the end of the substantive review, the Board shall decide whether to grant a license to the applicant.~~
 - 1. ~~If the Board finds that the applicant meets all requirements defined in statute and rule, the Board shall grant a license.~~
 - 2. ~~If the Board finds that the applicant fails to meet all requirements defined in statute and rule, the Board shall deny a license.~~
 - 3. ~~If the Board denies a license, the Board shall send the applicant a notice of denial that specifies why a license was denied and describes the applicant's right to request a hearing regarding the denial.~~

R4-39-103. Requirements for a Regular License to Operate a Private Accredited Vocational Institution or a Private Accredited Degree-granting Institution in Arizona

- A. A person shall not operate a private accredited vocational institution or a private accredited degree-granting institution without a regular license granted by the Board.
- B. ~~The~~ Except as specified in subsection (B)(6), the Board shall not grant a regular license or renewal of renew a regular license to an applicant if:
 - 1. Within 10 years before ~~the date of filing an~~ the application packet required in subsection (D) or since the start date of the current licensure period, an individual with at least 20 percent or more ownership in the applicant institution or an officer or employee who controls, manages, or represents the applicant in this state has been convicted in this state or any other state or jurisdiction of a felony or any crime, regardless of whether the crime is a misdemeanor or felony, that a reasonable person would consider relevant related to the legal and ethical operation of an educational institution; ~~unless the conviction has been absolutely discharged, expunged, or vacated;~~
 - 2. Within 10 years before ~~the date of filing an~~ the application packet required in subsection (D) or since the start date of the current licensure period, a person with at least 20 percent or more ownership in the applicant institution or an officer or employee who controls, manages, or represents the applicant in this state has had a license to operate a vocational program, vocational institution, degree program, or degree-granting institution revoked in this state or in any other state or jurisdiction; ~~or~~
 - 3. The applicant provides false or misleading information on or with ~~an~~ the application packet required by this Section; ~~or~~
 - 4. ~~The applicant was previously licensed by the Board and ceased operation without complying with R4-39-402 and R4-39-406;~~
 - 5. ~~The applicant ceased to operate or offer a program and as a result:~~
 - a. ~~The Board was obligated to make a payment from the Student Tuition Recovery Fund established under A.R.S. § 32-3072, or~~
 - b. ~~The DE or a private entity forgave loans, in whole or in part, to affected students; and~~
 - 6. ~~If the conviction described in subsection (B)(1) was discharged, expunged, set aside, or vacated, the Board shall consider this fact when exercising its discretionary power under this Section.~~
- C. The Board shall grant or renew a regular license ~~or renewal of a regular license to an applicant only~~ if:
 - 1. The applicant provides the information required in subsection (D); and
 - 2. The information provided under subsection (D) demonstrates:
 - a. For a regular license to operate a private accredited vocational institution, compliance with A.R.S. § 32-3021(B)(1) through (9);



- b. For a regular license to operate a private accredited degree-granting institution, compliance with A.R.S. § 32-3022(B);
- c. The ability to provide educational services as represented to the public;
- d. Institutional accreditation or accreditation of each program to be ~~operated~~ offered; and
- e. Compliance with all accreditation standards established by each accrediting agency that accredits the applicant's programs or the institution through which the programs are operated.
- D. An applicant for ~~a~~ an initial regular license shall submit to the Board an application packet ~~including that includes:~~
1. The filing fee required under R4-39-201;
 2. The information and documentation required in R4-39-104(D)(2), if required, and (D)(3) through (D)(6), (D)(8) through (D)(15), and (D)(17);
 3. The name of each accrediting agency that accredits the applicant or the applicant's programs ~~or the institution through which the programs are operated;~~
 4. For each accrediting agency named in subsection (D)(3), documentation from the accrediting agency that confirms the current accreditation status of the applicant or the applicant's programs ~~or the institution;~~
 5. Attestation by the individual signing the application that the applicant complies and will continue to comply with all accreditation standards established by each accrediting agency named in subsection (D)(3);
 6. ~~The name of each federal student financial aid program in which the applicant is eligible to participate~~ A copy of the applicant's most recent DE program participation agreement and financial aid audit, if applicable;
 7. For each federal student financial aid program named in the agreement in subsection (D)(6), documentation from the ~~United States Department of Education~~ DE demonstrating participation in the federal student financial aid program and showing the applicant's ~~student~~ default rate for the last three years, if applicable;
 8. Attestation by the individual signing the application that the applicant complies and will continue to comply with all ~~United States Department of Education~~ DE requirements governing federal student financial aid programs named in the agreement in subsection (D)(6);
 9. A copy of the applicant's current catalog and enrollment agreement that meets the accreditation standards established by each accrediting agency named in subsection (D)(3); and
 10. A surety bond, cash deposit, or equivalent security if required under A.R.S. § 32-3023 and R4-39-108.
- E. No later than 60 ~~calendar~~ days before ~~the expiration date of a licensee's current regular license expires, an applicant the licensee for annual renewal of a regular license~~ shall submit to the Board an a license renewal application packet ~~including that includes:~~
1. The filing fee required under R4-39-201; and
 2. The information and documentation required in:
 - a. R4-39-104(D)(2) if required under A.R.S. § 32-3023 and R4-39-108;-;
 - b. R4-39-104(D)(3), (D)(4), (D)(5), (D)(8)(a) and (c), (D)(9), (D)(10), (D)(12), (D)(14), (D)(15), and (D)(17); and
 - ~~b-c.~~ Subsections (D)(3) through (D)(10)-;
 3. A list of all individuals or persons referenced in R4-39-104(D)(14) and (D)(15);
 4. A report on the annual enrollment and retention and placement rates for each program offered by the licensee, if the report is required by DE or the accrediting agency that accredits the program or licensee;
 5. For each program offered, an indication whether the program is offered by residential or online delivery or both; and
 6. A list of all programs that are in teach-out and:
 - a. The names of all students in each program,
 - b. The anticipated completion date of each student, and
 - c. Contact information for each student.
- F. A licensee shall:
1. Notify the Board in writing within 24 hours if the licensee:
 - a. Receives a ~~new~~ grant of accreditation issued by an accrediting agency other than an accrediting agency named under subsection (D)(3); ~~or~~
 - b. Becomes eligible to participate in a federal student financial aid program other than a federal student financial aid program named in the agreement under subsection (D)(6)-;
 - ~~2-c.~~ Notify the Board in writing within 24 hours if the licensee ceases ~~ceases~~ to be accredited or has a program that ceases to be accredited by an accrediting agency named under subsection (D)(3);
 - ~~3-d.~~ Notify the Board in writing within 24 hours if the licensee ceases ~~ceases~~ to be eligible to participate in a federal student financial aid program named in the agreement under subsection (D)(6); ~~and~~
 - e. Decides to cease operations; or
 - f. Knows or should know that the license is under investigation by any state or federal agency or an accrediting agency; and
 - 4-2. Notify the Board in writing within 14 calendar five business days of:
 - a. A change in any grant of accreditation issued by an accrediting agency named under subsection (D)(3) or (F)(1)(a) including but not limited to the following adverse actions:



- i. Suspending accreditation.
- ii. Withdrawing or cancelling accreditation.
- iii. Placing accredited institution on probation.
- iv. Requiring accredited institution to show cause, or
- v. Requiring a specific corrective action, or
- b. A change in eligibility to participate in a federal student financial aid program named in the agreement under subsection (D)(6) or (F)(1)(b).

G. The Board may conduct an inspection, ~~pursuant to~~ under A.R.S. § 41-1009, of an applicant's or a licensee's place of business to determine compliance with the requirements of A.R.S. Title 32, Chapter 30 and this Article.

H. ~~In addition to the grounds for disciplinary action~~ As provided in A.R.S. §§ 32-3051, the Board ~~shall~~ may discipline a licensee that:

- 1. ~~Violates the requirements~~ a requirement in subsection (F); or
- 2. Intentionally or negligently misrepresents any material information in documents or information presented to the Board.

R4-39-104. Requirements for a Conditional License to Operate a ~~New~~ Private Non-accredited Vocational Institution in Arizona

A. A person shall not operate a ~~new~~ private non-accredited vocational institution without a conditional license granted by the Board.

B. ~~The~~ Except as specified in subsection (B)(6), the Board shall not grant a conditional license ~~to an applicant~~ if:

- 1. Within 10 years before ~~the date of filing an~~ the application packet required in subsection (D), an individual with at least 20 percent ~~or more~~ ownership in the applicant ~~institution~~ or an officer or employee who controls, manages, or represents the applicant in this state has been convicted in this state or any ~~other state~~ or jurisdiction of a ~~felony~~ or any crime, regardless of whether the crime is a misdemeanor or felony, that a reasonable person would consider relevant related to the legal and ethical operation of an educational institution, ~~unless the conviction has been absolutely discharged, expunged, or vacated;~~
- 2. Within 10 years before ~~the date of filing an~~ the application packet required in subsection (D), a person with at least 20 percent ~~or more~~ ownership in the applicant ~~institution~~ or an officer or employee who controls, manages, or represents the applicant in this state has had a license to operate a ~~vocational program, vocational institution, degree program,~~ or degree-granting institution revoked in this state or ~~in any other state or jurisdiction;~~ or
- 3. The applicant provides false or misleading information on or with ~~an~~ the application required by this Section; or
- 4. The applicant was previously licensed by the Board and ceased operations without complying with R4-39-402 and R4-39-406;
- 5. The applicant ceased to operate or offer a program and as a result:
 - a. The Board was obligated to make a payment from the Student Tuition Recovery Fund established under A.R.S. § 32-3072, or
 - b. The DE or a private entity forgave loans, in whole or in part, to affected students; and
- 6. If the conviction described in subsection (B)(1) was discharged, expunged, set aside, or vacated, the Board shall consider this fact when exercising its discretionary power under this Section.

C. The Board shall grant a conditional license to an applicant if:

- 1. The applicant provides the information and documentation required in subsection (D); and
- 2. The information provided under subsection (D) demonstrates:
 - a. Compliance with A.R.S. § 32-3021(B)(1) through ~~(9)~~ (11); and
 - b. The ability to provide educational services as represented to the public.

D. An applicant for a conditional license shall submit to the Board an application packet ~~including~~ that includes:

- 1. The filing fee required under R4-39-201;
- 2. A letter of credit, surety bond, cash deposit, or equivalent security, as required under A.R.S. § 32-3023, of \$15,000 or another amount determined by the Board under R4-39-108;
- 2.3. An application form provided by the Board containing:
 - a. The applicant's name, street address, mailing address, telephone number, fax number, e-mail address, and web site address, if applicable;
 - b. If the applicant has a headquarters in another state or jurisdiction, the headquarters' street address, mailing address, telephone number, fax number, and e-mail address;
 - c. Responses to questions regarding the distribution of ownership, business type, and legal structure;
 - d. As applicable, identification of:
 - i. All members of the board of directors or board of trustees,
 - ii. All persons with at least 20 percent ~~or more~~ ownership in the ~~institution~~ applicant, and
 - iii. All individuals responsible for controlling, managing, or representing the institution applicant in this state;
 - e. Responses to questions regarding whether a person identified in subsection ~~(D)(2)(d)~~ (D)(3)(d) has ever applied for or been issued a license to operate a ~~vocational program, vocational institution, degree program,~~ or degree-granting institution in this state or ~~in any other state or jurisdiction;~~



- f. Responses to questions regarding the finances, federal or state tax liabilities, management capabilities, and criminal history of the persons identified under subsection ~~(D)(2)(d)(ii)~~ (D)(3)(d)(ii);
- g. Responses to questions regarding programs; and student recruitment, ~~student~~ enrollment, ~~student~~ retention, ~~stu-~~
~~dent~~ placement, and ~~student~~ financing;
- h. Name of the director required under R4-39-303(B) and evidence that the director is qualified;
- h-i. Staffing information including:
 - i. ~~Faculty member~~ Required minimum qualifications of faculty for each program to be ~~operated~~ offered;
 - ii. ~~Total number of current administrative personnel and faculty members;~~
 - iii. ~~If applicable, projected~~ The number of administrative personnel and faculty members projected at the end of the first licensure period; and
 - iv. ~~iii~~ The names of all current administrative personnel and faculty members;
- i-j. Attestation by the individual signing the application that the applicant will comply with all applicable requirements in A.R.S. Title 32, Chapter 30, and this Chapter;
- j-k. Attestation by the individual signing the application that all information required as part of the application packet has been submitted and is true and accurate; and
- k-l. The notarized signature of an owner of the applicant or an owner's legal representative and date of signature;
- 4. Financial statements or financial documentation required under R4-39-108;
- 5. Evidence of the insurance required under R4-39-108;
- 3-6. If applicable, a copy of the applicant's articles of incorporation, partnership or joint venture documents, or limited liability documents;
- 7. A business plan that includes:
 - a. Executive summary with highlights, objectives, and mission;
 - b. Applicant summary;
 - c. Programs offered and services provided;
 - d. Marketing plan and implementation;
 - e. Financial plan that includes three-year projections and financial resources available to demonstrate financial stability;
- 4-8. For each program to be ~~operated~~ offered, a form provided by the Board describing:
 - a. Program content, length, and delivery system information;
 - b. Program prerequisites and completion requirements;
 - c. ~~Tuition and student~~ Student fees as defined at R4-39-101;
 - d. Any required textbooks or program learning materials;
 - e. Any equipment or technology or competency requirements ~~or competencies~~;
 - f. As applicable:
 - i. Library resources;
 - ii. Clinical training, practica, externships, internships, or special features;
 - iii. Graduate employment opportunities; and
 - iv. ~~Requirements~~ Licensing requirements for a graduate of the program to practice the skill or occupation for which the program prepares the graduate; and
 - g. Attach to the form, a copy of the certificate or diploma to be awarded when the program is completed.
- 5-9. A copy of the applicant's student enrollment agreement meeting the requirements in R4-39-401;
- 6. ~~A copy of each type of certificate or diploma to be awarded;~~
- 7-10. A copy of the applicant's catalog meeting the requirements in R4-39-301;
- 8-11. A copy of each brochure, promotional document, uniform resource locator, or advertisement intended for students or potential students;
- 9-12. A copy of the applicant's ~~published~~ student grievance procedure that:
 - a. ~~Requires that a student grievance be submitted in writing;~~ Is published in the applicant's catalog required under subsection (D)(10);
 - b. Provides the steps and ~~time lines~~ time frames involved in the grievance procedure;
 - c. References the student's right under A.R.S. § 32-3052 to file a complaint with the Board; and
 - d. Lists the Board's address, ~~and~~ telephone number, and web site; and
 - e. If the applicant requires arbitration as part of the student grievance procedure, includes the following statement: Arbitration of a student grievance is required. Arbitration will take place at a location reasonably convenient for both parties giving due consideration to the student's ability to travel and other pertinent circumstances. Both parties will attempt to have proceedings take place within a reasonable time and without undue delay. The arbitration proceedings will follow the spirit if not the letter of the consumer due process protocol of the American Arbitration Association. The protocol includes but is not limited to a fundamentally fair process; an independent and impartial, competent, and qualified arbitrator; independent administration of the arbitration; reasonable cost; right to representation; and possibility of mediation. Arbitration does not preclude other avenues of recourse, including but not limited to possible relief in small claims court, unless and until the



arbitration result is made binding. Arbitration of a student grievance does not preclude the student from seeking a remedy from the Arizona Board of Private Postsecondary Education.

- ~~10-13.~~ An institutional organizational chart including staff names and position titles;
- ~~11-14.~~ For each individual identified under subsection ~~(D)(2)(d)~~ (D)(3)(d), a form provided by the Board describing the individual’s professional and educational background;
- ~~12-15.~~ For each faculty member named under subsection ~~(D)(2)(h)(iv)~~ (D)(3)(h)(iv), a form provided by the Board describing the individual’s professional and educational background;
- ~~13-16.~~ For each location within the state from which the applicant will operate:
 - a. A form provided by the Board describing the facility;
 - b. Line drawings, floor plans, or photographs showing each story of the facility, the room layout, room usage, and each door, window, and exit; and
 - c. Documentation from the local jurisdiction of compliance with all applicable fire codes, ~~local~~ building codes, and zoning ordinances; and
- ~~14.~~ Documentation of insurance required under ~~R4-39-108~~;
- ~~15.~~ Financial statements or financial documentation required under ~~R4-39-108~~;
- ~~16.~~ A surety bond, cash deposit, or equivalent security as required under ~~A.R.S. § 32-3023 and R4-39-108~~; and
- ~~17.~~ Other information ~~determined by the Board or the applicant to be~~ believes is relevant to the determination and will assist the Board to determine whether of the applicant’s applicant is in compliance with all licensing requirements under A.R.S. Title 32, Chapter 30 and this Article.

- E. Before granting a conditional license, the Board shall conduct an inspection, ~~pursuant to~~ under A.R.S. § 41-1009, of an applicant’s place of business to determine compliance with subsection (C).
- F. ~~While conditionally licensed~~ If the Board grants a conditional license to an applicant, a the conditional licensee:
 - 1. Shall not describe or refer to itself using the terms “licensed,” “approved,” or “accredited;” and
 - 2. May describe or refer to itself using the terms “conditionally licensed” or “conditional license.”
- G. After granting a conditional license, the Board may conduct an inspection, ~~pursuant to~~ under A.R.S. § 41-1009, of a licensee’s place of business to determine continuing compliance with the requirements of A.R.S. Title 32, Chapter 30 and this Article.
- H. ~~In addition to the grounds for disciplinary action in~~ Under the authority provided at A.R.S. §§ 32-3051, the Board may discipline a licensee that intentionally or negligently misrepresents any material information in documents or testimony presented to the Board.

R4-39-105. Requirements for a Regular License to Continue to Operate a Private Non-accredited Vocational Institution in Arizona

- A. ~~The~~ Except as specified in subsection (A)(6), the Board shall not grant a regular license or renewal of or renew a regular license to an applicant, if:
 - 1. Since the start date of the current licensure period, an individual with at least 20 percent or more ownership in the applicant ~~institution or an officer or employee who controls, manages, or represents the applicant in this state~~ has been convicted in this state or any ~~other state or jurisdiction of a felony or any crime, regardless of whether the crime is a misdemeanor or felony, that a reasonable person would consider relevant related to the legal and ethical operation of an educational institution, unless the conviction has been absolutely discharged, expunged, or vacated;~~
 - 2. Since the start date of the current licensure period, a person with at least 20 percent or more ownership in the applicant ~~institution or an officer or employee who controls, manages, or represents the applicant in this state~~ has had a license to operate a vocational ~~program, vocational institution, degree program, or degree-granting institution~~ revoked in this state or any ~~other state or jurisdiction; or~~
 - 3. The applicant provides false or misleading information on or with an application required by this Section; or
 - 4. The applicant was previously licensed by the Board and ceased operations without complying with R4-39-402 and R4-39-406;
 - 5. The applicant ceased to operate or offer a program and as a result:
 - a. The Board was obligated to make a payment from the Student Tuition Recovery Fund established under A.R.S. § 32-3072, or
 - b. The DE or a private entity forgave loans, in whole or in part, to affected students; and
 - 6. If the conviction described in subsection (A)(1) was discharged, expunged, set aside, or vacated, the Board shall consider this fact when exercising its discretionary power under this Section.
- B. The Board shall grant or renew a regular license or renewal of a regular license to an applicant a licensee if the licensee submits an application and:
 - 1. ~~The applicant provides~~ application includes the information required in subsection (C) ~~or (D)~~; and
 - 2. The information provided demonstrates:
 - a. Compliance with A.R.S. § 32-3021(B)(1) through ~~(9)~~ (11); and
 - b. The ability to provide educational services as represented to the public.
- C. No later than 60 ~~calendar~~ days before the expiration date of a licensee’s conditional or regular license, ~~an applicant for a regular license~~ the licensee shall submit to the Board an application packet ~~including that includes:~~



2. The information and documentation required in R4-39-104(D)(2), ~~(D)(4)~~, through (D)(5), ~~(D)(7)~~ (D)(8)(a) and (c), (D)(9), (D)(10), (D)(12), and (D)(14), (D)(15) and through (D)(17); and
3. A report on the annual enrollment and retention and placement rates for each program offered by the licensee;
- ~~D.~~ No later than 60 calendar days before the expiration date of the applicant's regular license, an applicant for renewal of a regular license shall submit to the Board an application packet including:
 1. The filing fee required under R4-39-201; and
 2. The information and documentation required in R4-39-104(D)(2), (D)(4), (D)(5), (D)(7), (D)(9), (D)(10), and (D)(14) through (D)(17).
- ~~D.~~ A licensee that fails to comply with subsection (C) and allows the licensee's conditional or regular license to expire shall:
 1. Comply with subsection (C) within 30 days after the license expires, and
 2. Pay the late renewal fee prescribed under A.R.S. § 32-3027(A)(7); or
 3. Immediately cease operating in this state.
- E. The Board may conduct an inspection, ~~pursuant to~~ under A.R.S. § 41-1009, of ~~an applicant's or~~ a licensee's place of business to determine compliance with the requirements ~~of~~ in A.R.S. Title 32, Chapter 30 and this Article.
- F. ~~In addition to the grounds for disciplinary action~~ As provided in A.R.S. § 32-3051, the Board may discipline a licensee that:
 1. ~~intentionally~~ Intentionally or negligently misrepresents any material information in documents or testimony presented to the Board, or
 2. Fails to comply fully with subsection (C) or (D) but continues to operate in this state.

R4-39-106. Requirements for a Conditional License to Operate a New Private Non-accredited Degree-granting Institution in Arizona

- A. A person shall not operate a ~~new~~ private non-accredited degree-granting institution without a conditional license granted by the Board.
- B. ~~The~~ Except as specified in subsection (B)(4), the Board shall not grant a conditional license to an applicant, if:
 1. Within 10 years before the date of filing an the application packet required in subsection (D), an individual with at least 20 percent or more ownership in the applicant institution or an officer or employee who controls, manages, or represents the applicant in this state has been convicted in this state or any other state or jurisdiction of a felony or any crime, regardless of whether the crime is a misdemeanor or felony, that a reasonable person would consider relevant related to the legal and ethical operation of an educational institution, unless the conviction has been absolutely discharged, expunged, or vacated;
 2. Within 10 years before the date of filing an the application packet required in subsection (D), a person with at least 20 percent or more ownership in the applicant institution or an officer or employee who controls, manages, or represents the applicant in this state has had a license to operate a vocational program, vocational institution, degree program, or degree-granting institution revoked in this state or any other state or jurisdiction; or
 3. The applicant provides false or misleading information on or with an application required by this Section; and
 4. If the conviction described in subsection (B)(1) was discharged, expunged, set aside, or vacated, the Board shall consider this fact when exercising its discretionary power under this Section.
- C. The Board shall grant a conditional license to an applicant if the applicant submits an application and:
 1. The applicant provides application includes the information required in subsection (D); and
 2. The information provided demonstrates:
 - a. Compliance with A.R.S. §§ 32-3021(B)(1) through (11) and 32-3022(C); and
 - b. The ability to provide educational services as represented to the public.
- D. An applicant for a conditional license shall submit to the Board an application packet ~~including~~ that includes:
 1. The filing fee required under R4-39-201;
 2. The information and documentation required in R4-39-104(D)(2) through (D)(17);
 3. The name of each accrediting agency to which the applicant will apply for accreditation of the applicant's programs or the institution through which the programs are operated offered;
 4. For each accrediting agency named under subsection (D)(3), attestation by the individual signing the application that the applicant has read and understands documentation published or provided by the accrediting agency that explains the accrediting agency's accreditation process, including eligibility requirements, application procedures, self-evaluation processes and requirements, accreditation criteria or standards, and accrediting team visits; and
 5. A chronological timeline identifying the applicant's projected progress in gaining accreditation from each accrediting agency named under subsection (D)(3); and
 6. ~~On a form provided by the Board, responses to questions regarding the applicant's ability to gain accreditation from each accrediting agency named under subsection (D)(3).~~
- E. ~~A~~ If the Board grants a conditional license to an applicant, the conditional licensee shall:
 1. Notify the Board in writing within 24 hours if the licensee:
 - a. Is determined by an accrediting agency named under subsection (D)(3) to be ineligible to apply for accreditation with the accrediting agency;



- b. Is precluded from initiating or continuing in the accreditation process by an accrediting agency named under subsection (D)(3); ~~or~~
- c. Is denied accreditation by an accrediting agency named under subsection (D)(3); or
- d. Knows or should know that an investigation of the licensee is being or was conducted by a state or federal agency or an accrediting agency;
- 2. Within five ~~calendar~~ days of:
 - a. ~~receipt~~ Receipt, submit to the Board a copy of any document from an accrediting agency named under subsection (D)(3) that pertains to the licensee’s progress in gaining accreditation from the accrediting agency; and
 - ~~3-b. Within five calendar days of mailing~~ Mailing or sending, submit to the Board a copy of any document mailed or sent by the licensee to an accrediting agency named under subsection (D)(3) that pertains to the licensee’s progress in gaining accreditation from the accrediting agency; and
 - 3. Within 10 days after determining that the licensee failed to meet the timeline submitted under subsection (D)(5), submit written notice of the failure to the Board.
- F. Before granting a conditional license, the Board shall conduct an inspection, ~~pursuant to~~ under A.R.S. § 41-1009, of an applicant’s place of business to determine compliance with subsection (C).
- G. ~~While conditionally licensed~~ If the Board grants a conditional license to an applicant, while licensed, a the conditional licensee:
 - 1. Shall not describe or refer to itself using the terms “licensed,” “approved,” or “accredited;” and
 - 2. May describe or refer to itself using the terms “conditionally licensed” or “conditional license.”
- H. The Board may conduct an inspection, ~~pursuant to~~ under A.R.S. § 41-1009; of a licensee’s place of business to determine compliance with the requirements of this Article.
- I. ~~In addition to the grounds for disciplinary action~~ As provided in A.R.S. § 32-3051, the Board may discipline a licensee that:
 - 1. Violates ~~the requirements~~ a requirement in subsection (E), or
 - 2. Intentionally or negligently misrepresents any material information in documents or testimony presented to the Board.

R4-39-107. Requirements for a Provisional License to Continue to Operate a Private Non-accredited Degree-granting Institution in Arizona

- A. ~~The~~ Except as specified in subsection (A)(7), the Board shall not grant or renew a provisional license or renewal of a provisional license to an applicant if:
 - 1. Since the start date of the current licensure period, an individual with at least 20 percent ~~or more~~ ownership in the applicant ~~institution or an officer or employee who controls, manages, or represents the applicant in this state~~ has been convicted in this state or any ~~other state or jurisdiction~~ of a ~~felony or any crime~~ regardless of whether the crime is a misdemeanor or felony, that a reasonable person would consider relevant related to the legal and ethical operation of an educational institution, unless the conviction has been absolutely discharged, expunged, or vacated;
 - 2. Since the start date of the current licensure period, a person with at least 20 percent ~~or more~~ ownership in the applicant ~~institution or an officer or employee who controls, manages, or represents the applicant in this state~~ has had a license to operate a vocational ~~program, vocational institution, degree program, or degree-granting institution~~ revoked in this state or any ~~other state or jurisdiction;~~ ~~or~~
 - 3. The applicant provides false or misleading information on or with an application required by this Section; ~~;~~
 - 4. The applicant fails to apply for accreditation as required under R4-39-106(D)(3) or fails to make progress consistent with the chronological timeline specified under R4-39-106(D)(5) for three consecutive renewal periods; or
 - 5. The applicant was previously licensed by the Board and ceased to operate without complying with R4-39-402 and R4-39-406;
 - 6. The applicant ceased to operate or offer a program and as a result:
 - a. The Board was obligated to make a payment from the Student Tuition Recovery Fund established under A.R.S. § 32-3072, or
 - b. The DE or a private entity forgave loans, in whole or in part, to affected students; and
 - 7. If the conviction described in subsection (A)(1) was discharged, expunged, set aside, or vacated, the Board shall consider this fact when exercising its discretionary power under this Section.
- B. The Board shall grant or renew a provisional license ~~or renewal of a provisional license~~ to an applicant if the applicant submits an application and:
 - 1. ~~The applicant provides~~ application includes the information required in subsection (C) ~~or (D);~~ and
 - 2. The information provided demonstrates:
 - a. Compliance with A.R.S. §§ 32-3021(B)(1) through (11) and 32-3022(C);
 - b. The ability to provide educational services as represented to the public; and
 - c. Progress in gaining accreditation from each accrediting agency named under R4-39-106(D)(3).
- C. No later than 60 ~~calendar~~ days before the expiration ~~date~~ of a licensee’s conditional or provisional license, an applicant for ~~a an initial or renewed~~ provisional license shall submit to the Board an application packet including that includes:
 - 1. The filing fee required under R4-39-201;



2. The information and documentation required in R4-39-104(D)(2), ~~(D)(4)~~, through (D)(5), (D)(8)(a) and (c), (D)(9), through (D)(10), (D)(12), and (D)(14), (D)(15), and through (D)(17);
 3. A chronological timeline identifying the applicant's continued progress in gaining accreditation from each accrediting agency named under R4-39-106(D)(3); A report on the annual enrollment and retention and placement rates for each program offered;
 4. On a form provided by the Board, responses to questions regarding the applicant's continued progress in gaining accreditation from each accrediting agency named under R4-39-106(D)(3); and Documents that demonstrate the applicant met the chronological timeline submitted under R4-39-106(D)(5); and
 5. Copies of application documents and all correspondence with all accrediting agencies submitted to an accrediting agency named under R4-39-106(D)(3), if applicable.
- D.** No later than 60 calendar days before the expiration date of a licensee's provisional license, an applicant for renewal of a provisional license shall submit to the Board an application packet including:
1. The filing fee required under R4-39-201;
 2. The information and documentation required in R4-39-104(D)(2), ~~(D)(4)~~, (D)(5) through (D)(10), and (D)(14) through (D)(17);
 3. A chronological timeline identifying the applicant's continued progress in gaining accreditation from each accrediting agency named under R4-39-106(D)(3);
 4. On a form provided by the Board, responses to questions regarding the applicant's continued progress in gaining accreditation from each accrediting agency named under R4-39-106(D)(3);
 5. Copies of application documents submitted to an accrediting agency named under R4-39-106(D)(3), if applicable; and
 6. Documentation from each accrediting agency named under R4-39-106(D)(3) that demonstrates that the applicant is actively seeking accreditation.
- D.** A licensee that fails to comply with subsection (C) and allows the licensee's conditional or provisional license to expire shall:
1. Comply with subsection (C) within 30 days after the license expires, and
 2. Pay the late renewal fee prescribed under A.R.S. § 32-3027(A)(7); or
 3. Immediately cease operating in this state.
- E.** A licensee shall:
1. Notify the Board in writing within 24 hours by the next business day if the licensee:
 - a. Is determined by an accrediting agency named under R4-39-106(D)(3) to be ineligible to apply for accreditation with the accrediting agency;
 - b. Is precluded from initiating or continuing in the accreditation process by an accrediting agency named under R4-39-106(D)(3); ~~or~~
 - c. Is denied accreditation by an accrediting agency named under R4-39-106(D)(3);
 - d. Knows or should know that the licensee is or was under investigation by a state or federal agency or an accrediting agency; or
 - e. Decides to cease operations;
 2. Within five calendar days of:
 - a. ~~receipt~~ Receipt, submit to the Board a copy of any document from an accrediting agency named under ~~subsection (D)(3)~~ R4-39-106(D)(3) that pertains to the licensee's progress in gaining accreditation from the accrediting agency; and
 - ~~3-b. Within five calendar days of mailing~~ Mailing or sending, submit to the Board a copy of any document mailed or sent by the licensee to an accrediting agency named under ~~subsection (D)(3)~~ R4-39-106(D)(3) that pertains to the licensee's progress in gaining accreditation from the accrediting agency; and
 3. Within 10 days after determining that the licensee failed to meet the timeline submitted under subsection R4-39-106(D)(5), submit written notice of the failure to the Board.
- F.** The Board may conduct an inspection, ~~pursuant to~~ under A.R.S. § 41-1009, of ~~an applicant's or~~ a licensee's place of business to determine compliance with the requirements of this Article.
- G.** ~~In addition to the grounds for disciplinary action~~ As provided in A.R.S. § 32-3051, the Board may discipline a licensee that:
1. ~~Violates the requirements~~ a requirement in subsection (E), ~~or~~
 2. Intentionally or negligently misrepresents any material information in documents or testimony presented to the Board, or
 3. Fails to comply fully with subsection (C) or (D) but continues to operate in this state.

R4-39-108. Surety Bond, Cash Deposit, or ~~Equivalent Security Requirements~~ Letter of Credit; Insurance Requirements; Financial Statement Requirements; and Finance Committee

- A.** A person applying for a license and a person licensed An applicant or licensee under R4-39-104, R4-39-105, R4-39-106, ~~or R4-39-107, or R4-39-110(E)~~ shall have a surety bond, cash deposit, or equivalent security letter of credit as required ~~pursuant to~~ under A.R.S. § 32-3023(A). The Board shall determine the dollar amount of the surety bond, cash deposit, or ~~equivalent security pursuant to~~ letter of credit under A.R.S. § 32-3023(C).



- ~~B.~~ B. The Board may require ~~that a person applying for a license or a person licensed~~ an applicant or licensee under R4-39-103 or R4-39-110(D) or (E) have a surety bond, cash deposit, or ~~equivalent security~~ letter of credit as ~~required pursuant to allowed under~~ A.R.S. § 32-3023(B). The Board shall determine whether a surety bond, cash deposit, or ~~equivalent security letter of credit~~ is required of an applicant or licensee under R4-39-103 or R4-39-110(D) or (E) and if so, the ~~dollar~~ amount of the surety bond, cash deposit, or ~~equivalent security pursuant to A.R.S. § 32-3023(C)~~ letter of credit. In determining whether and the amount of surety bond, cash deposit, or letter of credit to require, the Board shall consider the following factors:
 - 1. Whether the institution has sources of funding other than tuition and the percentage of the institution’s funding contributed by the other sources;
 - 2. The amount of time programs offered by the institution require for completion; and
 - 3. The criteria regarding financial responsibility specified under subsection (I)(4).
- ~~C.~~ C. The Board shall use the following guidelines to determine the amount of surety bond, cash deposit, or letter of credit to require of an applicant or licensee:
 - 1. The minimum amount required for applicants and licensees is \$15,000;
 - 2. Additional amounts required of an accredited institution:
 - a. If the annual GTR is less than \$400,000, 15 percent of annual GTR; and
 - b. If the annual GTR is \$400,000 or more, 10 percent of annual GTR; and
 - 3. Additional amounts required of a non-accredited institution:
 - a. If the annual GTR is less than \$400,000, 20 percent of annual GTR; and
 - b. If the annual GTR is \$400,000 or more, 15 percent of annual GTR.
- ~~D.~~ D. An applicant or licensee that meets the requirement under subsection (A) or (B) with a surety bond shall purchase the surety bond from a surety company that has a rating of A or higher.
- ~~C.E.~~ C.E. A person applying for a license or a person licensed under this Article An applicant or licensee shall:
 - 1. Have and maintain with an insurance company authorized to transact business in this state coverage that ~~complies with R4-39-302(4)~~ is adequate to protect the applicant or licensee’s assets in the event of damage or a finding of liability and:
 - a. For an applicant or licensee with annual GTR of \$1,000,000 or more:
 - i. A minimum single occurrence ~~malpractice or professional liability coverage~~ of \$1,000,000 for educators’ errors and omissions or malpractice liability insurance; and
 - b-ii. A minimum single occurrence of \$1,000,000 for general liability coverage of \$1,000,000 for the operation of the institution; or
 - b. For an applicant or licensee with annual GTR more than \$500,000 but less than \$1,000,000:
 - i. A minimum single occurrence of not less than the previous year’s GTR plus 10 percent for educators’ errors and omissions or malpractice liability insurance; and
 - ii. A minimum single occurrence not less than the previous year’s GTR plus 10 percent of general liability coverage for the operation of institution;
 - c. For an applicant or licensee with annual GTR equal to or less than \$500,000:
 - i. A minimum single occurrence of not less than \$500,000 for educators’ errors and omissions or malpractice liability insurance; and
 - ii. A minimum single occurrence not less \$500,000 of general liability coverage for the operation of institution;
 - 2. Be self-insured for the amounts in subsection (C)(1).
- ~~D.F.~~ D.F. A person applying for a license or renewal of a license shall submit with the license or renewal application An applicant or licensee shall submit to the Board a fiscal year-end financial statement that complies with the following requirements:
 - 1. Financial statements that are prepared and signed by an independent, certified public accountant currently licensed by the Arizona State Board of Accountancy or by the accountancy board in the state of the applicant’s or licensee’s headquarters;
 - ~~2-1.~~ 2.1. Financial statements that are If the applicant or licensee has annual GTR greater than \$350,000:
 - a. Is prepared and compiled, reviewed, or audited by a certified public accountant in accordance with generally accepted accounting principles; and
 - b. Includes a statement of cash flows and disclosures; or
 - 2. If the applicant or licensee has annual GTR equal to or less than \$350,000:
 - a. Is compiled, reviewed or audited in accordance with generally accepted accounting principles; and
 - b. Includes supporting documentation requested by the Board; and
 - ~~3-3.~~ 3.3. Additional Includes additional financial information if required by the Board under subsection (E) or (F) subsections (G) and (H).
- ~~E.G.~~ E.G. The Board shall require that a person applying for a license or renewal under this Article an applicant or licensee to submit additional financial documentation if:
 - 1. The ~~fiscal year-end financial statements are~~ statement is for a reporting period that ended more than six months before the date of license application; or
 - 2. The applicant has not previously operated in this state or any other state or jurisdiction.
- ~~F.H.~~ F.H. The Board may require that a person applying for a license or renewal under this Article an applicant or licensee to sub-



mit additional financial documentation or submit to a financial review if:

1. The Board has concerns based upon on the applicant's or licensee's responses to questions on a license application regarding the applicant's distribution of ownership, business type, and legal structure; or
2. The financial documentation submitted shows:
 - a. Current ratio of assets to liabilities less than 1:1.
 - b. Current negative net worth.
 - c. Net losses during each of the last two years.
 - d. Subject to additional DE reporting requirements or has a composite score of less than 1.5.
 - e. Current cash reserves are insufficient to make required refunds.
 - f. Current financial obligations are not being met.
 - g. Applicant or licensee has a history of revocation or negative action in this or another state.
 - h. Current negative cash flow.
 - i. Financial responsibility standards for accreditation are not being met, or
 - j. Evidence of inadequate financial responsibility or administrative capability.
- I. The Board shall appoint a Finance Committee that consists of at least three member of the Board:
 1. The Finance Committee shall comply with the open meeting requirements at A.R.S. Title 38, Chapter 3, Article 3.1.
 2. The Finance Committee shall assess the financial responsibility of an applicant or licensee.
 3. If the Finance Committee determines that the information submitted under this Section is not sufficient to demonstrate that an applicant or licensee has financial responsibility, the Finance Committee shall work with the applicant or licensee to improve the demonstration.
 4. After reviewing the information submitted under this Section, the Finance Committee shall determine that the applicant or licensee:
 - a. Has demonstrated financial responsibility and grant a license;
 - b. Has not demonstrated financial responsibility but grant a license contingent on the licensee doing one or more of the following:
 - i. Submitting quarterly reports.
 - ii. Submitting a financial improvement plan.
 - iii. Submitting two-year financial projections, and
 - iv. Posting a surety bond, cash deposit, or letter of credit that exceeds the amount determined under subsection (C);
 - c. Has not demonstrated financial responsibility and postpone action to allow the applicant or licensee to provide additional information; or
 - d. Has not demonstrated financial responsibility and refer the matter to the whole Board for Board action.

R4-39-109. Supplemental License Applications

- A. A private vocational or degree-granting institution licensee shall submit to the Board an application for a supplemental license for approval of any additional vocational program, degree program, change of location or change of name of the institution at least 45 days before doing any of the following:
 1. Operating an unlicensed, Offering a new, or additional vocational or degree-granting program; or
 2. Operating from an unlicensed, a new or additional location; or
 3. Changing the name of the licensed institution.
- B. The Board shall grant a supplemental license to a private vocational or degree-granting institution if the institution demonstrates Board determines that a the supplemental license application submitted under subsection (A) is in compliance complies with A.R.S. §§ 32-3021 through 32-3051 and this Chapter.

R4-39-110. Change of Ownership or Control

- A. In this Section, "change of ownership or control" means is indicated by the following:
 1. For a privately held corporation whose control is vested in those who control the voting stock of the corporation;
 - a. At least 50 percent or more of the voting stock changes from one owner to another within a five-year period; or
 - b. At least 50 percent of the assets of the corporation is sold regardless of whether the sale is called an asset or securities purchase, a stock or share exchange, or something else;
 2. For a publicly traded corporation whose control is vested in the voting members of the board of directors:
 - a. Fifty At least 50 percent or more of the voting members of the board of directors change within a 12-month period, or
 - b. The chief executive officer of the corporation changes At least 50 percent of the assets of the publicly traded corporation are sold regardless of whether the sale is called an asset or securities purchase, a stock or share exchange, or something else;
 3. For a non-profit corporation whose control is vested in the voting members of the board of directors trustees:
 - a. Fifty At least 50 percent or more of the voting members of the board of directors trustees change within a 12-month period, or
 - b. The chief executive officer of the non-profit corporation changes;



- 4. For a limited partnership whose control is vested in a corporate general partner, ~~if under subsections (A)(1), or (A)(2), or (A)(3);~~ the corporate general partner:
 - a. ~~has~~ Has a change of ownership or control as determined under subsections (A)(1) through (A)(3); or
 - b. At least 50 percent of the assets of the corporate general partner are sold regardless of whether the sale is called an asset or securities purchase, a stock or share exchange, or something else;
 - 5. For a limited liability company whose control is vested in members who control a majority of the interest in the company, ~~if:~~
 - a. At least 50 percent or more interest changes within a 12- month period; or
 - b. At least 50 percent of the assets of the limited liability company are sold regardless of whether the sale is called an asset or securities purchase, a stock or share exchange, or something else;
 - 6. For a sole proprietor or a limited partnership that is not described in subsection (A)(4), if at least 50 percent or more interest changes within a five-year period; and
 - 7. For any business entity described in subsections (A)(1) through (A)(6), when the entity changes from one business form to another including when a non-profit entity becomes a for-profit entity or when a privately held corporation becomes a publicly traded corporation.
- B.** If assets are sold under subsection (A)(1), (A)(2), (A)(4), or (A)(5), regardless of whether the sale is called an asset or securities purchase, a stock or share exchange, or something else, the sale must transfer liabilities for students enrolled at the time of closing.
- C.** For the purposes of this Section, assets and liabilities are determined according to generally accepted accounting principles.
- ~~B.D.~~** ~~In determining whether a A change of ownership or control has occurred, the Board shall deem that a does not occur under subsection (A) if change of ownership or control has not occurred if the an interest is transferred by operation of law or inheritance to a parent, grandparent, spouse, or child.~~
- ~~C.E.~~** A licensee shall, within seven days, notify the Board in writing and explain the following:
- 1. ~~No later than seven calendar days after change of ownership or control, notify the Board in writing of the A change of ownership or control as described under subsection (A); and or~~
 - 2. ~~No later than seven calendar days after any A change of interest or change of the voting members of the board of directors of more than 20 percent but less than 50 percent, notify the Board in writing of the change.~~
- ~~D.F.~~** No later than 60 calendar days after a change of ownership or control the date on the notice provided under subsection (E), a licensed private accredited institution shall submit to the Board a license application packet including that includes:
- 1. The filing fee required under R4-39-201(E);
 - 2. Either:
 - a. Information and documentation specified in R4-39-103~~(D)(5), (D)(8), (D)(9) and (D)(3)~~ through (D)(10), as applicable, and R4-39-104(D)(2), if required, and (D)(3), ~~(D)(5), (D)(7) through (D)(11)~~ (D)(6), (D)(8)(a) and (c) through (D)(12), (D)(14), and ~~(D)(15)~~ (D)(17); or
 - b. If required by an accrediting agency that accredits the licensee’s programs or the institution through which the programs are ~~operated~~ offered, a copy of change of ownership documents submitted by the licensee to the accrediting agency;
 - 3. Attestation that the applicant will assume financial responsibility, as required under R4-39-404(C), for the payment of all student tuition refunds for which the institution has an obligation; and
 - 4. Other information determined by the Board to be relevant to ~~the determination of determining~~ the applicant’s compliance with licensing requirements under A.R.S. Title 32, Chapter 30 and this Article.
- ~~E.G.~~** No later than 60 calendar days after a change of ownership or control the date on the notice provided under subsection (E), a licensed private non-accredited institution shall submit to the Board a license application packet, including that includes:
- 1. The filing fee required under R4-39-201(E);
 - 2. For a private non-accredited vocational institution, information and documentation specified in R4-39-104~~(D)(2), (D)(3), (D)(5), (D)(7) through (D)(11)~~ (D)(6), (D)(8)(a) and (c), (D)(12), ~~and through (D)(14) through (D)(16) and (D)(17);~~
 - 3. For a private non-accredited degree-granting institution, information, and documentation, and fees specified in R4-39-107(C)(4) and R4-39-103(D)(3) through (D)(10), as applicable, R4-39-104(D)(2), ~~(D)(3), (D)(5), (D)(7) through (D)(11)~~ (D)(6), (D)(8)(a) and (c), (D)(12), ~~and through (D)(14) through (D)(16) and (D)(17);~~
 - 4. Attestation that the applicant will assume financial responsibility, as required under R4-39-404(C), for all student tuition refunds for which the institution has a financial obligation; and
 - 5. Other information determined by the Board to be relevant to ~~the determination of determining~~ the applicant’s compliance with licensing requirements under this Article.
- ~~F.H.~~** The Except as specified in subsection (H)(6), the Board shall not grant a license for as a result of a change of ownership or control to an applicant if:
- 1. Within 10 years before ~~the date of filing an~~ the application packet required in ~~subsections subsection (D) (G) or (E) (H)~~ or since the start date of the current licensure period, an individual with at least 20 percent or more ownership in the applicant institution or an officer or employee who controls, manages, or represents the applicant in this state



has been convicted in this state or any other state or jurisdiction of a felony or any crime, regardless of whether the crime is a misdemeanor or felony, that a reasonable person would consider relevant related to the legal and ethical operation of an educational institution, unless the conviction has been absolutely discharged, expunged, or vacated;

2. Within 10 years before the date of filing an the application packet required in subsections ~~(D)~~ (G) or (E) (H) or since the start date of the current licensure period, a person with at least 20 percent or more ownership in the applicant institution or an officer or employee who controls, manages, or represents the applicant in this state has had a license to operate a vocational program, vocational institution, degree program, or degree-granting institution revoked in Arizona this state or in any state or jurisdiction; or
3. The applicant provides false or misleading information on or with an the application required by this Section; or
4. The applicant was previously licensed by the Board and ceased operation without complying with R4-39-402 and R4-39-406;
5. The applicant ceased to operate or offer a program and as a result:
 - a. The Board was obligated to make a payment from the Student Tuition Recovery Fund established under A.R.S. § 32-3072, or
 - b. The DE or a private entity forgave loans, in whole or in part, to affected students; and
6. If the conviction described in subsection (H)(1) was discharged, expunged, set aside, or vacated, the Board shall consider this fact when exercising its discretionary power under this Section.

G.I. The Board shall grant a license for as a result of a change of ownership or control to an applicant, if the applicant:

1. Demonstrates compliance with A.R.S. §§ 32-3021 through 32-3027, as applicable; and
2. Meets the application requirements in subsection ~~(D)~~ (F) or (E) (G).

H.J. The Board may conduct an inspection, pursuant to under A.R.S. § 41-1009, of an applicant's or a licensee's place of business to determine compliance with the requirements of A.R.S. Title 32, Chapter 30 and this Article.

R4-39-111. Honorary Degrees

- A. Only a currently licensed, accredited private degree-granting institutions institution may apply to award an honorary degrees degree. A Before offering to grant or granting an honorary degree, a currently licensed, accredited private degree-granting institution shall submit an application for a supplemental license for an honorary degree to the Board for the Board's verification, review, and administrative action before offering to grant or granting an honorary degree.
- B. The Board shall approve the application for a supplemental license application for an honorary degree if the honorary degree is consistent with the institution's currently licensed offered degree-granting programs.
- C. An accredited private degree-granting institution whose application for a supplemental license for an honorary degree is approved shall ensure that the honorary degree identify identifies in its title or name that it is an honorary degree and shall bear bears on its face the denotation that it is an honorary degree.

ARTICLE 2. FEES

R4-39-201. Fees

- A. The filing fee for an original a license to operate a private vocational or degree-granting programs institution is \$800.
- B. The annual filing fee for a license renewal to continue to operate a private vocational or degree-granting programs institution is the following amount based upon on the institution's annual gross tuition revenues GTR:
 1. Less than \$50,000 annual gross tuition revenue GTR, \$600-;
 2. \$50,000/\$249,999 annual gross tuition revenue GTR, \$750-;
 3. \$250,000/499,999 annual gross tuition revenue GTR, \$1,000-;
 4. \$500,000/\$999,999 annual gross tuition revenue GTR, \$1,300-;
 5. \$1,000,000/\$2,499,999 annual gross tuition revenue GTR, \$1,650-;
 6. \$2,500,000/\$6,999,999 annual gross tuition revenue GTR, \$2,000-; or
 7. \$7,000,000 or more annual gross tuition revenue GTR, \$2,300.
- C. The filing fee for each application for a supplemental license to operate offer a new or additional private vocational or degree granting programs degree-granting program is \$500.
- D. The filing fee for each application for a supplemental license to operate offer a private vocational or degree-granting programs program from a new location or an additional location is \$500.
- E. The filing fee for an application for a supplemental license to continue to operate a private vocational or degree-granting programs upon institution following a change of ownership or control is \$500.
- F. The fee for an onsite verification, or inspection, or investigation is the actual cost incurred or \$500, whichever is less.

ARTICLE 3. OPERATION OF PRIVATE NON-ACCREDITED INSTITUTIONS

R4-39-301. Catalog

- A. A person operating a licensed private licensee offering a non-accredited institution program shall ensure that the institution licensee has a catalog that includes the following information:
 1. The institution's licensee's:
 - a. name, Name;
 - b. street address, Street, mailing address, telephone number, fax number, e-mail address, and web site address addresses, if applicable; and
 - c. Telephone and fax numbers;



2. If the ~~institution licensee~~ has a headquarters in another state or jurisdiction, the headquarters':
 - a. ~~street address, Street, mailing address, telephone number, fax number, e-mail address, and web site address addresses, if applicable; and~~
 - b. Telephone and fax numbers;
 3. The effective date of the catalog;
 4. The names and titles of:
 - a. All members of any board of directors or board of trustees,
 - b. All individuals responsible for managing the ~~institution licensee~~ in this state, and
 - c. All persons with 20 percent or more ownership in the institution members of executive management who live outside this state;
 5. A list of all programs ~~operated~~ offered by the ~~institution licensee~~;
 6. For each program to be ~~operated~~ offered:
 - a. A topical outline, including a statement of purpose, objectives, subjects, units, skills, and jobs to be learned in the program, and the number of clock, credit, or semester hours to be spent by the student in each phase of the program;
 - b. Any program prerequisites and completion requirements;
 - c. Tuition and student fees;
 - d. ~~Any required textbooks or program learning materials;~~
 - e-d. ~~Any required equipment or technology requirements or competencies;~~
 - e. Any required competencies;
 - f. ~~Any library resources;~~
 - g-f. Any clinical training, practica, externships, internships, or special features of the program;
 - h-g. Any graduate employment opportunities; and
 - i-h. ~~Any Licensure requirements for a graduate to practice, if any;~~
 7. Any allowable student tuition reductions, ~~tuition~~ discounts, ~~tuition and~~ scholarships; and educational loans that comply with R4-39-308;
 8. Any available student payment schedules and financing options that comply with R4-39-308;
 9. Student eligibility requirements for tuition reductions, ~~tuition~~ discounts, ~~tuition and~~ scholarships, educational loans, payment schedules, and financing options, if applicable;
 10. ~~Institutional refund~~ Refund policies that comply with R4-39-308 and R4-39-404;
 11. Any student services provided by the ~~institution licensee~~;
 12. A description of: ~~each educational~~
 - a. ~~Educational delivery system available systems used in the program, including classroom-based instruction, directed study, distance education, and online computer-based learning; and~~
 - b. Available library resources;
 13. For ~~institutions licensees~~ operating on an academic calendar, identification of:
 - a. Start and end dates for each semester, quarter, term, or session offered; and
 - b. Vacation periods and holidays; ~~and or~~
 - c. Explanation of the enrollment period;
 14. Policies and regulations governing:
 - a. Admission requirements or program ~~registration~~ enrollment;
 - b. Program or course cancellation;
 - c. Grading procedures ~~or progress tracking~~;
 - d. Change in student status; including:
 - i. Leave of absence;
 - ii. Readmission; and
 - iii. Probation, suspension, or expulsion;
 - e. ~~Student readmission~~ Standards for satisfactory academic progress;
 - f. ~~Student probation, suspension, or expulsion~~ Graduation requirements;
 - g. Grade reports and transcripts; and
 - h. As applicable:
 - i. Student attendance; and
 - ii. Credit for previous education, training, work, or life experience.
 15. Student grievance procedure that meets the requirements at R4-39-104(D)(12).
- B.** A person operating a licensed private licensee offering a non-accredited ~~institution~~ program shall make a the catalog required under subsection (A) available to students and prospective students in a written or electronic format.
- C.** Within 10 calendar days from the date a person operating a licensed private licensee offering a non-accredited ~~institution~~ program revises a the catalog required under subsection (A) or publishes a new catalog, the ~~licensed private non-accredited institution~~ licensee shall submit to the Board a written or electronic copy of the revised or new catalog.

**R4-39-302. Facilities and Equipment**

- A.** ~~A person operating a licensed private licensee offering a non-accredited institution program~~ shall ensure that the:
1. ~~Building, classrooms, equipment, furniture, grounds, instructional devices, and other physical facilities of the institution licensee~~ are appropriate to achieve the educational objectives of the institution;
 2. ~~Physical facility and equipment meet~~ comply with all:
 - a. ~~safety~~ Safety requirements and health standards of the city, county, state, and any other authority in which the facility is located; and
 - b. Local and state planning, building, zoning, and fire codes; and
 3. ~~Physical facility and equipment comply with local and state laws for planning, building, zoning, and fire codes;~~
 4. ~~Insurance required under R4-39-108 is adequate to protect the assets of the institution licensee in the event of damage or a finding of liability; and.~~
- B.** ~~5. Board is notified of a change of location as required in R4-39-109~~ A licensee offering a non-accredited program shall comply with R4-39-109 before offering the non-accredited program from an unlicensed, new, or additional location.

R4-39-303. Staff

- A.** ~~A person operating a licensed private licensee offering a non-accredited institution program~~ shall ensure that:
1. ~~The institution licensee has a local administrator~~ an on-site director who is qualified under subsection (B) and designated to carry out the duties under subsection (B) (C);
 2. Each staff member communicates information regarding the ~~institution licensee, the institution's programs, and the institution's educational services~~ that is true and is as represented in the ~~institution's licensee's catalog, required under R4-39-301, and in any brochures, promotional materials, or advertisements provided to or intended for students or potential students;~~
 3. The ~~institution licensee~~ has sufficient staff to provide instruction and educational services as represented in the ~~institution's licensee's catalog, required under R4-39-301, and in any brochures, promotional materials, or advertisements provided to or intended for students or potential students; and~~
 4. Instruction and services are provided to a student as represented in the ~~institution's licensee's catalog, required under R4-39-301, and any brochures, promotional materials, or advertisements provided to the student.~~
- B.** A licensee offering a non-accredited program shall employ an on-site director who is qualified as follows:
1. Is of good moral character; and
 2. Has academic, administrative and supervisory experience the Board determines is consistent with the ability to operate and deliver a non-accredited program.
- ~~B.C.~~** An administrator ~~The on-site director~~ designated under subsection (A)(1) shall:
1. ~~Supervise the day-to-day operation of the institution licensee;~~
 2. ~~For each program to be operated offered by the institution licensee, develop and implement a curriculum capable of preparing a student enrolled in the program;~~
 - a. To achieve the program's occupational objective,
 - b. for To complete requirements for the program degree, the program or other credential, the program's occupational objective, or and
 - c. To obtain a specific entry-level job covered in the program; and
 3. ~~Ensure that all faculty members meet the requirements in subsection (C) or (D) or (E); and~~
 4. Develop and implement a plan, with specific goals, benchmarks, and time frames, for faculty improvement.
- ~~C.D.~~** ~~A person operating a licensed private licensee offering a non-accredited institution vocational program~~ shall ensure that a faculty member ~~for a private non-accredited vocational institution~~ has at least:
1. ~~Two~~ At least two years of practical work experience in the subject the faculty member is teaching unless the faculty member is teaching in an emerging discipline in which case the Board shall consider an alternative standard to determine qualification of the faculty member; and
 2. ~~Postsecondary education in the subject the faculty member is teaching from an accredited institution or an institution licensed to operate as a postsecondary educational institution by the state in which the faculty member received the postsecondary education;~~
 3. Taken teacher-training courses appropriate to the level of qualification required by the program offered; and
 4. Maintained professional competence by participating in continuing education.
- ~~D.E.~~** ~~A person operating a licensed private licensee offering a non-accredited institution degree-granting program~~ shall ensure that a faculty member ~~for a private non-accredited degree-granting institution~~ has at least:
1. ~~Two~~ At least two years of practical work experience in the subject the faculty member is teaching; and
 2. ~~A degree from an accredited institution equal to or exceeding the degree awarded to a graduate of the program in which the faculty member is teaching;~~
 3. Taken teacher-training courses appropriate to the level of qualification required by the program offered; and
 4. Maintained professional competence by participating in continuing education.
- ~~E.F.~~** ~~A person operating a licensed private licensee offering a non-accredited institution program~~ shall ensure that:



1. Within ~~10~~ 30 calendar days from the date the institution's administrator after the director designated under subsection (A) resigns, is terminated, or is otherwise unable to fulfill all responsibilities established under subsection (B) (C), the Board is notified in writing; and
2. Within ~~10~~ 30 calendar days from the date after the institution licensee employs designates a new administrator director, a completed form, provided by which is available from the Board, describing the individual's new director's professional and educational background is submitted to the Board; and
3. Within ~~10~~ 30 calendar days from the date the institution employs a new faculty member, a completed form provided by the Board describing the individual's professional and educational background is submitted to the Board.

R4-39-304. Advertising

- A. Advertising A licensee offering a non-accredited program shall ensure that all advertising is be truthful and shall does not include a false or misleading ~~statements~~ statement about the institution, personnel, ~~the~~ faculty, courses, diploma or certificate awarded, services, or occupational opportunities for a graduate.
- B. The Board may institute disciplinary proceedings against a ~~non-accredited private vocational or degree-granting institution or an institutional licensee~~ offering a non-accredited program or the licensee's representative for false or misleading advertising.
- C. A ~~non-accredited private vocational or degree-granting institution licensee~~ offering a non-accredited program shall not solicit students in:
 1. ~~the~~ The "help wanted" section of a newspaper, magazine, or other ~~similar~~ publication, regardless of whether the publication is printed or online; or
 2. Employment or unemployment lines.
- D. A ~~non-accredited private vocational or degree-granting institution licensee~~ offering a non-accredited program shall not use any form of the words word "guarantee" or "free" in solicitations or advertising in:
 1. ~~any~~ A brochure, catalog, bulletin, leaflet, or other publication of the ~~institution, licensee; or nor in a~~
 2. A newspaper, magazine, or any other media similar publication, regardless of whether the publication is printed or online.
- E. ~~All~~ A licensee offering a non-accredited program shall ensure that all printed advertising ~~shall include~~ includes the name, phone number, and address of the ~~institution licensee.~~
- F. The Board ~~may require a non-accredited private vocational or degree-granting institution to submit all advertising for approval prior to publication~~ shall review the catalog, brochure, promotional document, uniform resource locator, student enrollment agreement, and other materials submitted under R3-39-104 to ensure the materials comply with the requirements of this Section.

R4-39-305. Recruitment

- A. A ~~person operating a licensed private non-accredited institution licensee~~ offering a non-accredited program shall ensure that all information contained in the ~~institution's licensee's~~ catalog, required under R4-39-301, and in ~~any~~ brochures, promotional materials, and advertisements provided to or intended for students or potential students is true.
- B. During student recruitment or before a student signs an enrollment agreement, a ~~licensed private non-accredited institution licensee~~ offering a non-accredited program:
 1. May ~~allow~~ provide a student tuition reduction, ~~tuition~~ discount, ~~tuition~~ or scholarship, or educational loan only as authorized under R4-39-308; and
 2. Shall not guarantee employment to a prospective student.
- C. A ~~person operating a licensed private non-accredited institution licensee~~ offering a non-accredited program shall ensure that a staff member responsible for student recruitment or student admission:
 1. Uses only those titles that accurately reflect the staff member's actual duties and responsibilities;
 2. Is not designated as a counselor or advisor; and
 3. Does not make final decisions regarding tuition, student fees, tuition reduction, ~~tuition~~ discounts, ~~tuition~~ or scholarships, educational loans, payment schedules, financing options, or ~~refund policies~~ refunds.

R4-39-306. Admission Requirements

- A. ~~The institution~~ A licensee offering a non-accredited program shall establish, publish, and administer admission requirements.
- B. If an entrance exam is required for admission, ~~the non-accredited private vocational or degree-granting institution a licensee offering a non-accredited program shall:~~
 1. Set a minimum passing score for admission that is consistent with the standard established by the exam developer;
 2. Admit only ~~a student~~ an individual who ~~has obtained~~ obtains the minimum passing score on the entrance exam; and
 3. Maintain a copy of the completed entrance exam in the student's permanent record; and
 4. Not allow an individual who fails the exam to take the same exam within 30 days.
- C. If an entrance exam is not required for admission, ~~the non-accredited private vocational or degree-granting institution a licensee offering a non-accredited program shall admit only a student~~ an individual who demonstrates the ability to satisfactorily complete the prescribed training through:
 1. Initial interview; and
 2. Letter of recommendation; and



3. ~~High School Diploma~~ school diploma, or a General Educational Development test certificate of high school equivalency, or completion of a secondary education in a home school setting that complies with all state law;
4. Official educational transcripts; or
5. Other requirements established by the ~~institution~~ licensee.

R4-39-307. Placement

If the ~~non-accredited private vocational or degree-granting institution~~ a licensee offering a non-accredited program offers placement services to a student, the following requirements ~~licensee~~ shall apply:

1. ~~The institution shall maintain~~ Maintain evidence of a student referral for job placement ~~and shall include that includes~~ the following information:
 - a. The name of the student referred;
 - b. The name of the prospective employer;
 - c. Result of referral; ~~and~~
 - d. Final placement or other disposition;
2. ~~The non-accredited private vocational or degree-granting institution shall prepare~~ Prepare a student for placement by instructing the student in:
 - a. ~~Instructing the student in resume~~ Resume preparation and interviewing procedures;
 - b. ~~Instructing the student in the appropriate~~ Appropriate dress and personal grooming; ~~and~~
 - c. ~~Instructing the student in conduct~~ Conduct on the job;
3. ~~A~~ Ensure that a student or graduate understands that a list of potential employers given to ~~a~~ the student or graduate by the ~~institution shall not be considered~~ licensee is not a referral or offer of placement; ~~and~~
4. ~~Each~~ Ensure that each student application ~~shall contain a disclaimer by the institution~~ clearly indicates that job placement is not guaranteed to a graduate or student.

R4-39-308. Tuition, Pricing, and Refund Policies

- A. ~~A person operating a licensed private non-accredited institution~~ licensee offering a non-accredited program may charge students enrolled in the same program different tuition and student fees, only:
 1. ~~Following a published~~ After publishing notice of a program price change to be effective ~~on a specified date~~ for all students enrolling in the program or starting classes on or after the a specified date;
 2. For students who have chosen to modify programs or services so that a tuition reduction is warranted;
 3. For students requiring additional services or otherwise incurring additional charges; ~~or~~
 4. For students who are eligible for tuition reductions associated with payment schedules, financing options, or educational loans;
 - ~~4-5.~~ For students meeting tuition discount eligibility requirements in subsection (B); and or
 - ~~5-6.~~ For students receiving tuition scholarships under subsection (C).
- B. ~~A person operating a licensed private non-accredited institution~~ licensee offering a non-accredited program that offers a tuition ~~discounts~~ discount shall:
 1. Publish in the ~~institution's licensee's~~ institution's catalog, required under R4-39-301, allowable tuition discounts and student eligibility requirements for ~~allowable each~~ each tuition ~~discounts~~ discount, including tuition discounts for students:
 - a. Enrolling as part of a group,
 - b. Who are similarly situated, or
 - c. Enrolling under the same program ~~schedule~~ or course schedule; and
 2. Make tuition discounts available to all students who meet eligibility requirements.
- C. ~~A person operating a licensed private non-accredited institution~~ licensee offering a non-accredited program that offers a full or partial tuition ~~scholarships~~ scholarship shall:
 1. Publish in the ~~institution's~~ institution's catalog, required under R4-39-301, available tuition scholarships and student eligibility requirements for ~~available each~~ each tuition ~~scholarships~~ scholarship, including terms, conditions, application procedures, deadline dates, basis for selection, range of award amounts, and aggregate award amounts; and
 2. Objectively evaluate all applicants for tuition scholarships, and award tuition scholarships only to students who meet eligibility requirements.
- D. ~~A person operating a licensed private non-accredited institution~~ licensee offering a non-accredited program that offers a full or partial educational ~~loans~~ loan shall:
 1. Publish in the ~~institution's licensee's~~ institution's catalog, required under R4-39-301, available full or partial educational loans and student eligibility requirements for ~~available each~~ each full or partial educational ~~loans~~ loan, including terms, conditions, application procedures, deadline dates, range of loan amounts, aggregate loan amounts, interest rates, and loan repayment requirements;
 2. Make the full or partial educational loans available to all students who meet eligibility requirements; and
 3. Offer and administer the full or partial educational loans as required under R4-39-406.
- E. ~~A person operating a licensed private non-accredited institution~~ licensee offering a non-accredited program that offers payment schedules or financing options shall:
 1. Publish in the ~~institution's licensee's~~ institution's catalog, required under R4-39-301, payment schedules and financing options and student eligibility requirements for ~~each~~ each payment ~~schedules~~ schedule and financing ~~options~~ option, including terms and conditions, application procedures, interest rates, and monthly payments; and



- 2. Make the payment schedules and financing options available to all students who meet eligibility requirements.
- F. ~~A person operating a licensed private non-accredited institution licensee offering a non-accredited program:~~
 - 1. Shall not require a prospective student to make a non-refundable payment until the prospective student signs an enrollment agreement and is accepted for enrollment, and
 - 2. Shall ensure that a prospective student understands the prospective student’s rights under R4-39-404.
- G. ~~A person operating a licensed private non-accredited institution licensee offering a non-accredited program shall have a refund policy that:~~
 - 1. ~~Is applicable~~ Applies to all students, and
 - 2. Meets the requirements in R4-39-404, and
 - 3. Is described using identical language in both the catalog that is required under R4-39-301 and the student enrollment agreement that is required under R4-39-104 and meets the standards at R4-39-401.
- H. ~~A person operating a licensed private non-accredited institution licensee offering a non-accredited program shall ensure that all student tuition, student fees, tuition reductions, tuition discounts, tuition and scholarships, educational loans, payment schedules, financing options, and refund policies applicable to a student are:~~
 - 1. Fully disclosed in writing on a student’s enrollment agreement or applicable financial documents;
 - 2. Consistent with information in the ~~institution’s licensee’s~~ catalog, required under R4-39-301, and ~~in~~ any brochures, promotional materials, or advertisements provided to or intended for students or potential students; and
 - 3. Authorized ~~pursuant to~~ under this Section.
- I. ~~A person operating a licensed private non-accredited institution licensee offering a non-accredited program shall:~~
 - 1. Charge a student tuition and student fees as identified in writing on a student’s enrollment agreement or applicable financial documents;
 - 2. Collect tuition and student fees from a student according to a payment schedule or financing option identified in writing on a student’s enrollment agreement or applicable financial documents; and
 - 3. Refund tuition and student fees charged to a student according to the refund policy identified in writing on a student’s enrollment agreement or applicable financial documents.

ARTICLE 4. OPERATION OF ALL LICENSED INSTITUTIONS

R4-39-401. Student Records

- A. For students enrolled after the effective date of this Section, a licensee shall maintain records required under this Section in electronic form. The licensee shall ensure that the electronic records are not in a proprietary format and are easily searchable by student.
- ~~A.B.~~ An institution A licensee shall maintain a complete, and accurate, and permanent records record for each student ever enrolled, currently enrolled, including The licensee shall ensure that the student record includes the following:
 - 1. An enrollment agreement containing, but not limited to, the following information:
 - a. Name and address of student;
 - b. ~~Commencement date of~~ Date the program begins;
 - e. ~~Title of the course or courses within the program;~~
 - ~~d.c.~~ Total clock and or credit hours of the program;
 - ~~e.d.~~ Payment schedule and total cost to the student;
 - ~~f.e.~~ Refund policy of the institution licensee;
 - ~~g.f.~~ A statement indicating that the individual signing the agreement has read and understands all aspects of the agreement;
 - ~~h.g.~~ The notice required under holder in due course rule as defined in A.R.S. § 47-3302 16 CFR 433;
 - ~~i.h.~~ A disclaimer clear statement by the institution licensee that “job placement” is the licensee does not guaranteed to graduates upon completion of this training or upon graduation guarantee:
 - i. Job placement to graduates when the program is complete; or
 - ii. Credits or coursework will transfer to another school, college, or university;
 - ~~j.i.~~ Student grievance procedures, if not printed in a catalog, bulletin, or other document provided each prospective student; and If the licensee requires arbitration as part of the student grievance procedure, the following statement: Arbitration of a student grievance is required. Arbitration will take place at a location reasonably convenient for both parties giving due consideration to the student’s ability to travel and other pertinent circumstances. Both parties will attempt to have proceedings take place within a reasonable time and without undue delay. The arbitration proceedings will follow the spirit if not the letter of the consumer due process protocol of the American Arbitration Association. The protocol includes but is not limited to a fundamentally fair process; an independent and impartial, competent, and qualified arbitrator; independent administration of the arbitration; reasonable cost; right to representation; and possibility of mediation. Arbitration does not preclude other avenues of recourse, including but not limited to possible relief in small claims courts, unless and until the arbitration result is made binding. Arbitration of a student grievance does not preclude the student from seeking a remedy from the Arizona Board of Private Postsecondary Education;
 - ~~k.j.~~ A cancellation notice in accordance with Federal Trade Commission (FTC) regulations, of the right to cancel the enrollment agreement within three days by complying with R4-39-404(A); and



1. ~~H.~~ Signature of the student and an official of the ~~institution~~ licensee;
 2. Copy of the entrance exam, if applicable;
 3. A transcript;
 4. Grades received, where applicable;
 5. Student attendance information;
 6. Counseling records; and
 7. Financial aid records for a length of time as required by the U.S. Department of Education; and
 8. ~~All~~ A record of all obligations incurred and all funds paid by or on behalf of the student to the ~~institution~~ licensee.
- ~~C.~~ A licensee shall maintain financial aid records for each student for the length of time required by the DE.
- ~~B.D.~~ An institution A licensee shall make student records available and readily accessible for use and review by an authorized official of the institution and licensee or authorized representative representative of the Board.
- ~~C.E.~~ An institution A licensee that gives credit toward a course based upon prior on job experience, training, or life experience shall record that credit in the institution's records relating to the student and in the student's official transcript, which is part of the student record required under subsection (B). and list The licensee shall ensure the student's official transcript shows the portion of the course for which the student is given credit based on job experience, training, or life experience. The institution shall attach a copy of the transcript reflecting courses for which the student is given credit for prior job experience, training, or life experience to the institution's official transcript and shall retain the transcript as part of the student's permanent records.
- ~~D.F.~~ In addition to the information required under subsections (A), (B), and (C), an institution (E), a licensee shall include the following information, as applicable, in the record of a student who graduates:
1. ~~Class rank upon graduating, where applicable.~~
 2. ~~1. Job placement provided, where applicable; and~~
 3. ~~2. Place of employment and beginning salary after graduation, where applicable.~~
- ~~G.~~ A licensee shall ensure that records required under this Section:
1. Whether in paper or electronic form, are maintained securely and protected against damage or loss from fire, water, theft, tampering, or other harm;
 2. Are maintained in perpetuity or submitted to the Board under R4-39-402; and
 3. Are made available and readily accessible for use and review by an authorized representative of the Board.

R4-39-402. Preservation of Records

- ~~A.~~ No more than 15 calendar days after a licensee ceases operation, the licensee shall submit to the Board a legible copies copy of all student records required in R4-39-401. The licensee shall submit the student records in electronic form if the records exist in electronic form. The licensee shall ensure that records in electronic form are in a non-proprietary format.
- ~~B.~~ After a licensee submits records to the Board as required under subsection (A), the Board shall retain for each student the enrollment agreement, transcript, account ledger card, and a copy of the diploma or degree conferred. The Board shall retain these records according to the retention schedule approved by the Arizona State Library, Archives, and Public Records.

R4-39-403. Student Complaint Procedures

- ~~A.~~ If a student has a complaint against a licensed institution or program licensee and exhausts all available grievance procedures, including all appeals, established by the institution licensee, the student may file a written complaint with the Board. A The student shall ensure that the complaint must be is filed within three years of two years after the latest of the following. The date on which the student:
1. ~~student's last date of attendance~~ Last attended the licensee;
 2. Completed the licensee's grievance procedure, including all appeals; or
 3. Is able to demonstrate that the licensee failed to follow the licensee's grievance procedure.
- ~~B.~~ The Board's staff shall investigate the complaint. Upon completion of Board staff's investigation, the complaint shall be referred to the Complaint Committee for a review and recommendation to the Board. A student who files a complaint under subsection (A) shall:
1. Use a form that is available from the Board,
 2. Sign the form and attest that all information provided is true and correct, and
 3. Attach to the form documentation that supports the allegations on which the complaint is based.
- ~~C.~~ The Board shall not accept an anonymous complaint. An individual, whether a student or non-student, who files a complaint may request to remain anonymous to the licensee if the individual believes the complaint may result in adverse action towards the individual. The Board cannot, however, guarantee that disclosure of the individual's identity will not occur in the process of honoring the licensee's due process rights.
- ~~D.~~ The Board shall not accept a complaint regarding a grade dispute or the licensee's employment practices or compliance with the Americans with Disabilities Act.
- ~~C.E.~~ After a review of the student complaint, the Complaint Committee shall: complaint committee authorized under A.R.S. § 32-3052(D) reviews the complaint and the results of the staff investigation of the complaint, the complaint committee shall take one of the actions defined under A.R.S. § 32-3052(E).
1. Determine that the student complaint needs further investigation. Based upon the outcome of the investigation, the complaint may be re-heard by the Complaint Committee or referred to the Board;
 2. Determine that the student complaint does not demonstrate that a violation of statute or rule occurred and recommend to the Board that the complaint be dismissed; or



- 3. Determine that the complaint demonstrates that a violation of statute or rule occurred and send a report of its findings and recommendation to the Board.
- ~~D.~~ Upon receipt of the Complaint Committee’s findings and recommendation, the Board shall affirm, reverse, adopt, modify, supplement, amend, or reject the report, in whole or in part, and determine there are reasonable grounds that the complaint demonstrates a violation of Board statutes and rules.
- ~~E.~~ If the Board determines there are reasonable grounds to believe that the complaint demonstrates a violation of Board statute or rules, the Board shall set the matter for hearing under A.R.S. § 41-1092 et seq.
- E. If a non-student has a complaint against a licensee, the non-student may file a written complaint with the Board. The non-student complainant shall ensure that the complaint is filed within one year from the date on which the event complained about occurred.
- G. Subsections (B) through (E) apply to non-student complaints.

R4-39-404. Tuition Refund Policy

- A. A licensee shall allow a student or prospective student to cancel an enrollment agreement with the licensee if the student or prospective student submits a written notice of cancellation to the licensee within three days, excluding Saturday, Sunday, and state and federal holidays, of signing the enrollment agreement.
- B. No later than 30 calendar days after a licensee receives a written notice of cancellation described in subsection (A), the licensee shall provide to the student or to the person ~~who~~ that paid the student’s tuition and student fees a refund of 100 percent of all student fees and tuition paid ~~for the student.~~
- C. A ~~person operating a licensed private accredited institution~~ licensee offering an accredited program shall develop and implement policies and procedures for cancellations and tuition refunds that:
 - 1. Are published in the ~~institution~~ catalog that meets the accreditation standards established by each accrediting agency named in R4-39-103(D)(3) and the enrollment agreement required under R4-39-401;
 - 2. Are applicable to all students; and
 - 3. Comply with:
 - a. Accreditation standards established by each accrediting agency named under R4-39-103(D)(3) or (F)(1)(a); and
 - b. ~~United States Department of Education DE~~ requirements governing each federal student financial aid program named in the agreement under R4-39-103(D)(6) or (F)(1)(b).
- D. A ~~person operating a licensed private non-accredited institution~~ licensee offering a non-accredited program shall develop and implement policies and procedures for cancellations and tuition refunds that:
 - 1. Are published in the ~~institution~~ catalog required under R4-39-301 or and enrollment agreement required under R4-39-401;
 - 2. Are applicable to all students;
 - 3. ~~Establish~~ Are based on an established time periods period for each program that:
 - a. ~~Have~~ Has a prescribed student tuition obligation and tuition refund calculation; and
 - b. ~~Do~~ Does not exceed the full length of the program or one calendar year, whichever is less;
 - 4. Allow ~~an institution~~ the licensee to retain an administrative fee or registration fee not to exceed \$200.00 if the fee is published in the ~~institution~~ catalog required under R4-39-301 or contained in the and enrollment agreement required under R4-39-401;
 - 5. Provide ~~for~~ the following refunds for a student who withdraws from or is terminated by ~~an institution~~ the licensee:
 - a. Before beginning classes in a time period, a refund of 100 percent of the tuition charges for the time period;
 - b. If 10 percent or less of the time period used under subsection (D)(3) has expired, a refund of at least 90 percent of the tuition charges for the time period;
 - c. If more than 10 percent but less than or equal to 20 percent of the time period used under subsection (D)(3) has expired, a refund of at least 80 percent of the tuition charges for the time period;
 - d. If more than 20 percent but less than or equal to 30 percent of the time period used under subsection (D)(3) has expired, a refund of at least 70 percent of the tuition charges for the time period;
 - e. If more than 30 percent but less than or equal to 40 percent of the time period used under subsection (D)(3) has expired, a refund of at least 60 percent of the tuition charges for the time period;
 - f. If more than 40 percent but less than or equal to 50 percent of the time period used under subsection (D)(3) has expired, a refund of at least 50 percent of the tuition charges for the time period; and
 - g. If more than 50 percent of the time period used under subsection (D)(3) has expired, no refund or a refund in an amount determined by the ~~institution~~ licensee.
- E. When calculating ~~refunds~~ a refund under subsection (D)(5), ~~an institution~~ a licensee offering a non-accredited program shall:
 - 1. Use the last date of attendance as the date of withdrawal or termination to determine the percentage of time in the program that expired;
 - 2. Determine that a student has withdrawn from an institution if the student has not attended any class for 30 consecutive scheduled class days; and
 - 3. ~~Base~~ Using the date established under subsection (E)(1), base the percentage of the time ~~period~~ expired on either the time clock hours elapsed in the time for a program measured in clock hours period or on the number of semes-



ter, quarter, trimester, or clock hours completed in the time period days elapsed since the start of the period established under subsection (D)(3).

- F. A licensee offering a non-accredited program is exempt from the requirement in subsection (D)(5), if the regarding refunding tuition and fees, for a program that:
1. Is less than ~~400~~ 50 clock hours;
 2. Has a total cost of less than \$1000, and
 3. Is provided by a private non-accredited vocational institution or a private non-accredited degree-granting institution.

R4-39-405. Student Loans and Financial Aid Repealed

- ~~A. In this Section, an "academic year" means at least 30 weeks of instruction.~~
- ~~B. A licensed private institution that receives, on behalf of a student, student loan or financial aid funds provided by a federal, state, or local government or from a federal student financial assistance program governed by Title IV of the Higher Education Act of 1965, 20 USC 1070 et seq. as amended, shall collect and disburse the monies in the manner prescribed by the applicable federal, state, or local regulations.~~
- ~~C. A licensed private non-accredited institution that receives, on behalf of a student, student loan or financial aid funds provided by a private entity including but not limited to a bank, financing company, credit card company, or other lending source shall ensure that the monies are collected and disbursed in the following manner:~~
- ~~1. Amounts equal to or less than \$5,000 may be disbursed as a single disbursement, regardless of program length.~~
 - ~~2. Amounts greater than \$5,000 shall:~~
 - ~~a. Be disbursed in two or more equal disbursements; and~~
 - ~~b. Have the second disbursement occur after the midpoint of the academic year for clock hour institutions or after the beginning of the second semester, quarter, trimester, or other term for term-based institutions.~~

R4-39-406. Closure of an Institution or Cessation of Ceasing to Operate or to Offer a Program; Teach-out Plan

- ~~A. At least 60 days before a licensee ceases to operate or to offer a program in which a student is enrolled, the licensee shall determine whether there is another institution able and willing to offer a teach-out program to students enrolled with the licensee. If another institution is able and willing to offer a teach-out program, the licensee and teach-out institution shall enter a contract with the following terms:~~
- ~~1. The teach-out institution shall offer each student affected by the licensee ceasing to operate or to offer a program, an opportunity to resume and complete the program in which the student is enrolled, or a substantially similar program, within a reasonable time and same geographic area as the licensee;~~
 - ~~2. The teach-out institution shall provide each affected student with timely notice of the availability of the teach-out program including information about differences between the teach-out program and the program in which the student is enrolled with the licensee;~~
 - ~~3. The teach-out institution shall advertise the availability of the teach-out program;~~
 - ~~4. The teach-out institution shall provide equitable treatment to the students in the teach-out program;~~
 - ~~5. The teach-out institution shall not alter the mission or operations of the teach-out institution for currently enrolled students; and~~
 - ~~6. The teach-out institution shall affirm the institution has the capacity to provide teach-out students with all instruction and services the teach-out students contracted for but did not receive from the licensee.~~
- ~~B. At least 60 days before a licensee ceases to operate or to offer a program in which a student is enrolled, the licensee shall submit for review by the Board a teach-out plan that includes the following:~~
- ~~1. A list of all students who will be affected by the licensee ceasing to operate or to offer a program;~~
 - ~~2. For each student identified under subsection (B)(1):~~
 - ~~a. Name of program in which the student is participating, and~~
 - ~~b. Estimated graduation date; and~~
 - ~~3. Whether the teach out will occur at the licensee, a teach-out institution with which the licensee has a contract under subsection (A), or a combination of the licensee and teach-out institution. If the teach out will occur, in whole or in part, at a teach-out institution:~~
 - ~~a. Whether the teach-out institution will use faculty of the licensee to complete the teach out;~~
 - ~~b. Whether the degree, diploma, or certificate awarded on completion of the teach-out program will be awarded by the licensee or the teach-out institution;~~
 - ~~c. Whether students who are enrolled but not attending the licensee or those on a leave of absence from the licensee are entitled to participate in the teach-out program; and~~
 - ~~d. A copy of the contracts, if any, entered under subsection (A).~~
- ~~A.C. At least ~~60 calendar~~ 30 days before a licensed institution licensee closes, ceases to operate or to offer a program in which a student is enrolled, or makes an alternative teach-out program available to a student enrolled in a program that the institution licensee will cease to operate offer, the licensed institution licensee shall provide written notice of the closure, cessation of ceasing to operate or to offer the program, or availability of the alternative teach-out program to:~~
- ~~1. Each enrolled student affected by the licensee's decision to cease to operate or to offer a in the program that the institution will cease to operate, and~~
 - ~~2. The Board.~~



~~B.D.~~ Except as provided in subsections ~~(C)~~ (E) and ~~(D)~~ (F), no later than 30 calendar days after a licensed institution licensee closes or ceases to operate or to offer a program in which a student is enrolled, the licensed institution licensee shall provide a refund of 100 percent of all student fees and tuition paid by a the student or other funding source on behalf of the student.

~~C.E.~~ The refund requirement in subsection ~~(B)~~ (D) does not apply if a student enrolled in a licensed institution licensee that ~~loses ceases to operate~~ or in a program that the licensed institution licensee ceases to operate ~~offer~~ chooses in writing to waive the refund because the student has received training or academic credit that is transferable to another institution transfers to another institution and receives training or academic credit comparable to the training or academic credit that the student would have received if the licensee had not ceased to operate or to offer the program.

~~D.F.~~ The refund requirement in subsection ~~(B)~~ (D) does not apply if a licensed institution licensee that ceases to operate ~~offer~~ a program in which a student is enrolled provides the student an alternative program that is equivalent to the program no longer ~~operated~~ offered, as determined by the Board, in:

1. Program content;
2. Program length and schedule;
3. Tuition, student fees, payment schedules, and financing options;
4. Accreditation status, if applicable;
5. Award of credentials;
6. Instruction and equipment;
7. Placement assistance and student services, if applicable; and
8. Facilities.

~~E.G.~~ This Section applies to a licensed institution licensee regardless of whether the licensee is at fault in the closure of the licensee or the cessation of a program is the fault of the licensed institution.

R4-39-407. Use of Terms

A. Except as provided in subsection (B), only an accredited, degree-granting licensee may use the term “university” or any other name or title in literature, catalogs, pamphlets, or other materials made available to the public that implies or would lead a reasonable person to believe the licensee is an institution of higher education or grants educational credentials, academic credit, or professional degrees.

B. A licensee may use the term “university” in its name if the licensee:

1. Offers at least one program leading to a post-baccalaureate or higher degree and is regionally or nationally accredited by a DE-recognized accrediting agency;
2. Was licensed in this state and used the term “university” in its name before the effective date of this Section; and
3. Is chartered or licensed in another state using the term “university” in its name.

C. A licensee may use terms such as “certified,” “master,” and “professional” in a program title, advertising, and student materials if a student is designated as “certified,” “master,” or “professional” only:

1. After the student completes the program and passes an examination that requires a showing of proficiency or ability;
2. If the designation is:
 - a. Conferred by a nationally recognized industry-related organization;
 - b. Conferred by an industry-related board or commission that is statutorily created; or
 - c. A commonly accepted industry practice; and
3. If the diploma to be issued from a program is submitted to the Board for review before the program is offered.

D. A licensee shall not use the term “master’s” in the title of a vocational program.

R4-39-408. Transfer of Credit

A. A licensee may accept credit that a student earned for a course completed at another postsecondary education institution if the licensee determines that the course is comparable in scope and content to a course offered by the licensee.

B. A licensee that intends to allow a student to transfer credit from another postsecondary education institution to the licensee shall establish a transfer policy that:

1. Is based on appropriate criteria such as:
 - a. Comparability in scope and content;
 - b. Applicability to the program into which transfer is requested;
 - c. Competencies achieved in the course for which credit is to be transferred and whether the competencies align with the program into which transfer is requested;
 - d. Preparedness of the student at the time of transfer;
 - e. Age of the credit to be transferred; and
 - f. Grade earned in the course to be transferred;
2. Is not based solely on whether the postsecondary education institution or program from which credit is to be transferred is accredited and if accredited, the accrediting agency;
3. Requires that at least 25 percent of the credit required to complete a non-degree or undergraduate program be obtained from the licensee;
4. Requires that more than 50 percent of the credit required to complete a graduate degree program be obtained from the licensee;
5. Is applied in a systematic and consistent manner; and



6. Is published in the catalog required under R4-39-103(D)(9) or R4-39-301, as applicable.

- C. A licensee that has a transfer policy as described under subsection (B) shall place in a student's record a copy of the transcript from the postsecondary education institution from which a transfer of credit is sought.

ARTICLE 5. INVESTIGATIONS; AND HEARING PROCEDURES; AND ASSESSING COSTS

R4-39-501. Investigations

- A. The Board shall investigate any sworn complaint against a person or entity alleging violation of A.R.S. § 32-3001 et seq. or this Chapter. For purposes of this Section, "investigated party" means an entity or person ~~who~~ that is the subject of a Board investigation.
- B. Board staff may request production of records or information from an investigated party or complainant, ~~or~~ and request an interview with an employee or agent of the investigated party. The investigated party may file written objections with the Board ~~to~~ regarding the Board's request for production of records or information or an interview within 15 days ~~of~~ after receipt of the request. Unless the investigated party timely files an objection to the Board's request, the investigated party shall ~~not fail to produce the requested documents or information or attempt to~~ and make available for an interview an employee or agent of the investigated party available for interview by the Board. Board staff shall attempt to ~~informally~~ informally resolve ~~objections~~ an objection to ~~requests~~ a request for documents, information, or an interview. If no resolution is reached, the Board shall hear and decide the matter shall be heard and decided by the Board.
- C. The Board shall not disclose documents and materials relating to an investigated matter except to the investigated party, until the matter is closed, settled by stipulation, or set for hearing under Title 41, Chapter 6, Article 10.
- D. ~~Upon completion of the~~ When an investigation is complete, the matter shall be referred to the Board's Complaint Committee for consideration.
- E. After consideration of the matter investigated, the Complaint Committee may take ~~the following actions~~:
1. ~~Instruct Board staff to conduct further investigation. After further investigation, the matter may be re-heard by the Complaint Committee or referred to the Board;~~
 2. ~~Determine that the investigation does not demonstrate a violation of A.R.S. § 32-3001 et seq. or this Chapter and recommend to the Board that the investigation be closed; or~~
 3. ~~Determine that the investigation demonstrates there are reasonable grounds to indicate a violation of A.R.S. § 32-3001 et seq. or this Chapter and send a report of its findings and recommendation to the Board any of the actions specified in A.R.S. § 32-3052(E).~~
- F. ~~If the Board determines that the investigation demonstrates that there are reasonable grounds to indicate a violation of A.R.S. § 32-3001 et seq. or this Chapter, the Board shall serve notice of the Board's determination and set the matter for hearing. Complaint Committee refers the matter to the Board, the Board shall assess the information provided and take any of the actions authorized under A.R.S. § 32-3052(F) through (J).~~

R4-39-502. Hearings

- A. ~~All~~ The Board shall ensure that all hearings ~~shall be~~ are conducted before the Board or an administrative law judge under A.R.S. Title 41, Chapter 6, Article 10.
1. Parties may stipulate to any facts that are not in dispute. A stipulation may be made in writing or orally by reading the stipulation into the record of the hearing. A stipulation is binding ~~upon~~ on the parties unless the Board grants a party permission to withdraw from the stipulation. The Board may, on its own motion, set aside a stipulation and proceed to ascertain the facts.
 2. The Board may, on its own motion or at the request of a party, call a conference of the parties ~~at the opening of a hearing or~~ at any subsequent time to clarify ~~the~~ procedures for the hearing or ~~the~~ legal or factual issues involved.
 3. By order of the Board, proceedings involving a common question of law or fact may be consolidated for hearing of any or all of the matters at issue.
- B. If, after proper notice, a licensee fails to appear at any proceeding before the Board, the Board may render a decision based ~~upon~~ on the evidence and information available to the Board.
- C. The decision of the Board is a final administrative decision under A.R.S. § 41-1092.08(F).

R4-39-503. Rehearing or Review of Board's Decision

- A. The Board shall provide for a rehearing and review of its decisions under A.R.S. Title 41, Chapter 6, Article 10 and the rules established by the Office of Administrative Hearings.
- B. Except as provided in subsection (J), a party is required to file a motion for rehearing or review of a Board decision to exhaust the party's administrative remedies.
- ~~A-C.~~ Any party aggrieved by a final administrative decision of the Board may file with the Board no later than 30 days after service of the decision, a written motion for rehearing or review of the decision specifying the particular grounds for the rehearing or review as provided in subsection (C) (E). ~~A rehearing shall be conducted before the Board or the administrative law judge under A.R.S. § 41-1092.09.~~
- ~~B-D.~~ A motion for rehearing or review may be amended at any time before ~~it is ruled on by~~ the Board rules on the motion. A response may be filed by any other party within 15 days after ~~filing of~~ a motion or amended motion is filed. The Board may require ~~the filing of that~~ written briefs be filed on the issues raised in the motion and may provide for oral argument.
- ~~C-E.~~ The Board shall grant a rehearing or review of a decision for any of the following reasons that materially affect the moving party's rights:



1. Irregularity in the administrative proceedings of the Board or the administrative law judge or any order or abuse of discretion that ~~deprives~~ deprived the moving party of a fair hearing;
 2. Misconduct of the Board, the administrative law judge, or the prevailing party;
 3. Accident or surprise that could not have been prevented by ordinary prudence;
 4. Newly discovered material evidence that could not, with reasonable diligence, have been discovered and produced at the original hearing;
 5. An excessive or insufficient penalty;
 6. Error in the admission or rejection of evidence or other error of law occurring at the administrative hearing;
 7. The Board's decision is the result of passion or prejudice; or
 - 7-8. The findings of fact or decision is not justified by the evidence or is contrary to law.
- F.** The Board may affirm or modify a decision or grant a rehearing to all or any of the parties on all or part of the issues for any of the reasons in subsection (E). The Board shall specify the particular grounds for any order modifying a decision or granting a rehearing.
- ~~D-G.~~** After No later than 10 days after the date of a decision and after giving the parties or their counsel notice and an opportunity to be heard on the matter, the Board may grant a rehearing or review on its own initiative for any reason for which it might have granted relief on motion of a party. The Board may grant a motion for rehearing or review, timely served, for a reason not stated in the motion. A rehearing or review shall cover only those matters specified in the Board's order.
- E.** No later than 10 days after a decision is rendered, the Board may on its own initiative order a rehearing or review of its decision for any reason listed in subsection (C). An order granting such a rehearing or review shall specify the grounds on which it is granted
- ~~F-H.~~** When a motion for rehearing or review is based upon on affidavits, the affidavits shall be filed and served with the motion. An opposing party may, within 15 days after service, file and serve opposing affidavits. The Board may extend the period for serving opposing affidavits for not more than 20 days for good cause shown or by written stipulation of the parties.
- I.** If a rehearing is granted, the Board shall hold the rehearing within 60 days after the date on the order granting the rehearing.
- J.** If the Board makes a specific finding that a particular decision needs to be effective immediately to preserve the public peace, health, or safety and that a review or rehearing of the decision is impracticable, unnecessary, or contrary to the public interest, the Board shall issue the decision as a final decision without an opportunity for rehearing or review.

R4-39-504. Assessing Costs

As authorized under A.R.S. § 32-3052(M), the Board may assess a person that is determined to have violated any provision of A.R.S. Title 32, Chapter 30 and this Chapter the Board's reasonable costs and expenses, including attorney fees, incurred in conducting an investigation, informal interview, committee or Board meetings, or administrative hearing.

ARTICLE 6. STUDENT TUITION RECOVERY FUND

R4-39-601. Submission of Assessments

- A.** Before July 30 September 30 of each year, the Board shall notify in writing an institution provide written notice to each licensee specified in A.R.S. § 32-3072(B) if from which an assessment, as defined in A.R.S. § 32-3071(1), is due. The Board shall send the notice shall be sent by certified mail and shall contain ensure that the notice specifies the amount of the assessment, the date the payment of the assessment is due, and the penalty for failure failing to pay the assessment timely. As authorized by A.R.S. § 32-3072(B), the Board shall determine assessed fees the amount of the assessment as follows:
1. The assessment for an institution licensed under A.R.S. Title 32, Chapter 30 a licensee seeking renewal of a regular or provisional license shall be based on the number of newly enrolled students for the 12-month period identified on the license renewal application required under R4-39-108 or R4-39-107(D).
 2. The assessment for a new institution licensed under A.R.S. Title 32, Chapter 30 licensee shall be based on the number of newly enrolled students during the fiscal year ending June 30.
 3. The assessment for a cosmetology school as defined in A.R.S. § 32-3071(3) or a professional driver training school as defined in A.R.S. § 32-3071(10) shall be based on the number of newly enrolled students during the fiscal year ending June 30.
- B.** On Using data available on June 30 of each year, the Board shall determine annually the amount of funds in the Student Tuition Recovery Fund ("Fund"). If the Fund balance exceeds \$500,000, the Board shall require an assessment only from a new institution that is licensed or an institution that is provisionally licensed licensee that was newly or provisionally licensed during the fiscal year that ended on June 30 shall be assessed a fee for that fiscal year.
- C.** If an institution a licensee disputes the amount of the an assessment for an institution, the Board shall place the matter on the agenda for a public meeting. The Board may require that the institution whose licensee disputing an assessment is disputed shall be prepared to:
1. Submit additional information or documents to clarify incomplete or ambiguous information or documents showing why the assessment is believed to be incorrect; and
 2. Have a representative present to address the Board at the public meeting.

R4-39-602. Claims

- A.** The Board shall investigate a claim against the Fund and find:
1. The claim is valid if:



- a. Student educational records confirm that the claim is filed by a person injured as defined in A.R.S. § 32-3071(~~7~~) (6); and
- b. The claim is filed within one year after the ~~closed institution ceases operation~~ licensee ceased operations;
- 2. The claim is invalid because:
 - a. ~~As specified in A.R.S. § 32-3075(B) It is filed more than one year after the licensee ceased operations;~~
 - b. ~~Because a student participates~~ The claimant is participating in a “~~teach-out.~~” teach-out ~~As used in this subsection, “teach-out” means a student from a closed institution voluntarily transfers to another institution where the student receives all the instruction for which the student originally paid, but did not receive from the closed institution; or~~
 - c. ~~Because a student from a closed institution~~ The claimant voluntarily ~~transfers~~ transferred to another institution and ~~receives~~ received different training for the same or an additional greater cost ~~from what the student than was paid at the closed institution to the licensee that ceased operations.~~
- B. If the Board finds a claim ~~to be~~ is valid, the Board shall determine the amount and the party to be paid as follows:
 - 1. The claim payment shall include only the actual amount of tuition and student fees paid in cash or with a student loan. The Board shall not make a claim payment for a grant, scholarship, or debt owed to another state, local, or federal governmental agency.
 - 2. A claim payment shall be made first to ~~the student loan~~ a student-loan holder for the amount owed on the loan, and then to the student or ~~the parent~~ other person for the amount already paid on the student loan or cash payments.
- C. The Board shall pay a valid claim within 120 days ~~of the date of~~ after the public meeting at which the claim is considered.
- D. A claimant who is not satisfied with the Board’s decision on a claim may file a motion for hearing as allowed under A.R.S. Title 41, Chapter 6, Article 10.

R4-39-603. Student Record Requests

- A. The Board shall maintain the student records of a ~~closed institution licensed under A.R.S. Title 32, Chapter 30 for a period of 25 years~~ licensee that ceases operations as specified in R4-39-402(B). For purposes of this Section, “student records” has the ~~same~~ meaning as in R4-39-401.
- B. The Board shall provide the student records of a student who attended a ~~closed institution licensed under A.R.S. Title 32, Chapter 30~~ licensee that ceased operations, if the following are submitted:
 - 1. Name and social security number of the student;
 - 2. Name of the ~~closed institution~~ licensee that ceased operations;
 - 3. Student name used while attending the ~~closed institution~~ licensee that ceased operations;
 - 4. Identification of the student record requested;
 - 5. Name and address of the party to whom the student record is to be mailed;
 - 6. ~~Student signature~~ Signature of the student whose record is requested or ~~copy of a signed~~ signed student record release form signed by the student whose record is requested and authorizing a third party to obtain the student record, if applicable; and
 - 7. \$10 for processing fee the request and 25 cents per page for copying ~~charge~~.

NOTICE OF PROPOSED RULEMAKING

TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING

CHAPTER 3. ARIZONA STATE LOTTERY COMMISSION

[R15-181]

PREAMBLE

<u>1. Article, Part, or Section Affected (as applicable)</u>	<u>Rulemaking Action</u>
R19-3-201	Amend
R19-3-202	Amend
R19-3-202.01	Amend
R19-3-202.03	Amend
R19-3-202.04	Amend
R19-3-204	Amend
R19-3-204.02	Amend
R19-3-205	Amend
R19-3-210	Amend
R19-3-211	Amend
R19-3-214	Amend
R19-3-217	Amend



2. Citations to the agency’s statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):

Authorizing statute: A.R.S. § 5-554(B)
Implementing statute: A.R.S. §§ 5-554(H) and 5-562

3. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the proposed rules:

Notice of Rulemaking Docket Opening: 21 A.A.R. 972, July 3, 2015

4. The agency’s contact person who can answer questions about the rulemaking:

Name: Eric Borg, Director of Operations

Address: Arizona State Lottery
4740 E. University Drive
Phoenix, AZ 85034

Telephone: (480) 921-4463

Fax: (480) 921-4488

E-mail: EBorg@azlottery.gov

or

Name: Pam DiNunzio

Address: Arizona State Lottery
4740 E. University Drive
Phoenix, AZ 85034

Telephone: (480) 921-4489

Fax: (480) 921-4488

E-mail: pdinunzio@azlottery.gov

5. An agency’s justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation of the rulemaking:

Article 2, Retailers, prescribes the requirements and procedures for Arizona retail businesses that sell Lottery game products. The rules are being amended to implement recent changes to Lottery statutes. Laws 2015, Chapter 245 (HB2517) allocates \$900,000 to the Internet Crimes Against Children Fund and \$100,000 to the Victims’ Rights Enforcement Fund. These programs will be funded from Lottery proceeds generated by game vending machines in age-restricted areas. The retailer rules are being amended to address the provisions of Laws 2015, Chapter 245. Amendments have also been made where necessary to tighten compliance provisions, as well as to improve the clarity and understandability of the rules.

An exception from the rulemaking moratorium outlined in Executive Order 2015-01 was received from the Governor’s Office on June 4, 2015.

6. A reference to any study relevant to the rules that the agency reviewed and proposes either to rely on or not to rely on in its evaluation of or justification for the rules, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

The Lottery used industry reference materials to gauge the sales impact of offering Lottery games in age-restricted areas. The Lottery referenced LaFleur’s World Almanac as a source for industry comparisons. This publication tracks, among other data, sales performance by product across all lottery jurisdictions. This information is available for review at the Lottery’s Phoenix office. The Lottery also reviewed liquor license data available from the Arizona Department of Liquor Licenses and Control.

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

Not applicable

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

1. Identification of the proposed rulemaking.

The rules for Article 2, Retailers, describe various requirements and procedures for retail businesses that sell Lottery game products. The rules explain common retailer provisions such as: licensure requirements; retailer conduct including the revocation or suspension of retailer licenses; ticket sales and prize redemptions; retailer compensation; hearing procedures; stolen ticket procedures; and Lottery-conducted compliance investigations. The rules are being amended to include the provisions of Laws 2015, Chapter 245, relating to Lottery vending machine sales located in age-restricted areas. As a result of this legislation, the Lottery is required to transfer \$900,000 to the Internet Crimes Against Children Enforcement Fund (ICACF) and \$100,000 to the Victims’ Rights Enforcement Fund (VREF). This rulemaking makes the revisions necessary to implement this statutory change. The rulemaking also strengthens certain compliance provisions to better protect the integrity of the Lottery. The Governor’s Office approved an exception from the rulemaking moratorium on June 4, 2015.



a. The conduct and its frequency of occurrence that the rule is designed to change: There is no specific conduct this rulemaking is designed to change. The intent is to provide a stable funding source for two new programs: Internet Crimes Against Children Enforcement Fund and Victims' Rights Enforcement Fund.

b. The harm resulting from the conduct the rule is designed to change and the likelihood it will continue to occur if the rule is not changed:

The harm without this rulemaking is that Lottery retailer rules will be inconsistent with procedures the Lottery must put into effect to implement new statutory provisions. Discrepancies in procedures will exist, detracting from clarity and creating confusion for retailers.

c. The estimated change in frequency of the targeted conduct expected from the rule change:

Not applicable. There is no specific targeted conduct prompting the rule amendments.

2. *Persons who will be directly affected by, bear the costs of, or directly benefit from the proposed rulemaking.*

The Lottery anticipates this rulemaking will primarily impact the agency and Lottery retailers.

3. *Cost-benefit Analysis:*

a. *Probable costs and benefits to the implementing agency and other agencies directly affected by the implementation and enforcement of the proposed rulemaking, including the number of new full-time employees necessary to implement and enforce the proposed rules.*

As a result of HB2517 that was passed in the 2015 Legislative Session, \$1 million from proceeds generated by game vending machines located in age-restricted areas (such as bars) will be transferred to ICACF and VREF. Lottery tickets have not historically been sold in this type of retail environment. To accomplish this objective, the Lottery plans to recruit businesses that hold a series 6 (bar) or 14 (private club) liquor license from the Arizona Department of Liquor Licenses and Control. Preliminary estimates indicate the Lottery may license about 130-140 new retailers under the age-restricted category that will generate approximately \$30,000 per retailer, or \$4 million annually. This would translate into approximately \$1 million in transfers.

Costs to the Lottery related to this rulemaking include application/licensing, product printing/distribution, and administration expenses associated with compliance and customer service. Retailers pay a license fee that allows the Lottery to recover costs related to licensing; no fee changes are requested as a result of these rules. Printing and distribution expenses are included in the agency's appropriated budget allocation for ticket printing services. Unlike traditional retailers, age-restricted retailers will receive no Lottery sales representative support and will not be integrated into the Lottery's retailer accounting system. Consequently, the Lottery will not incur administrative accounting costs, sales representative time and travel costs, or on-line vendor contract costs as incurred with full-product retailers. The Lottery contracts with a distributor to deliver tickets, invoice retailers, and remit payment to the Lottery. The distributor must also provide the Lottery with routine reports, including inventory status, orders received, orders shipped, and all related financial information.

The Lottery does anticipate additional personnel expenses in licensing and compliance as a result of this new retailer category. Increasing the number of retailers has a two-fold effect. First, adding 130-140 new retailers will impact licensing workload. Under the Governor's Lean Initiative, the total lead time to issue a license is currently about 15 days. The ability to continue meeting this time frame is dependent on having adequate staff to process applications. Secondly, adding 130-140 retailers with liquor licenses will increase the workload for the Investigations area. Typical responsibilities of this department include retailer compliance monitoring, background checks, criminal investigations regarding theft of Lottery tickets, and investigations regarding complaints from retailers and the public. Total investigation cases for the Lottery's 2900 retailers were 2,242 in FY15 and may increase further with the addition of a new age-restricted retailer category.

To address the anticipated increase in personnel expenses, the Lottery has requested funding for one additional licensing specialist and two investigator positions in the FY17 budget request. The estimated cost is \$245,900, with approximately \$65,000 of this amount due to one-time costs for office equipment and vehicles. These costs will be covered from product revenues generated by age-restricted retailers.

The Lottery benefits from the potential to generate additional revenue for the state from expanding into a new retailer environment. Preliminary estimates indicate the Lottery could generate about \$4 million in sales annually, which translates into approximately \$1 million in transfers to fund ICACF, VREF, and potentially other beneficiaries.



The Lottery also benefits from tightening key compliance provisions. Licensing requirements now require proof of identification and a guarantor if the premise manager resides outside Arizona as well as clarify that a retailer cannot use a subcontractor as a means to avoid license revocation. The revised provisions serve to protect the integrity of the Lottery.

Impact on Other Agencies: The rules have no identifiable impact on other agencies.

FTE Requirements: The Lottery anticipates the need for 3 new positions to implement and enforce the proposed rules. The Lottery has submitted a formal funding request for a licensing position and two Lottery Investigators in order to maintain adequate compliance and customer service levels.

b. Probable costs and benefits to a political subdivision of this state directly affected by the implementation and enforcement of the proposed rulemaking.

This rulemaking will not have any identifiable impact on political subdivisions of the state, other than providing funding for designated state programs.

c. Probable costs and benefits to businesses directly affected by the proposed rulemaking, including any anticipated effect on the revenues or payroll expenditure of employers who are subject to the proposed rulemaking.

Businesses impacted by these rules are qualified retail establishments that apply for a license to sell Lottery products. Lottery retailers are also the only small businesses impacted by this rulemaking. The rules are expected to benefit retailers, both large and small, while having little or no impact on the Lottery’s traditional retailer base.

There are currently about 2900 licensed Lottery retailers. Costs to retailers include application/licensing fees and any administrative costs associated with selling Lottery products. These costs are recovered by the commission retailers earn on each sale. Retailers receive a base commission of 6.5% for each transaction. Initial estimates indicate age-restricted retailers as a whole could net \$260,000 annually based on 130-140 total retailers and aggregate annual sales of \$4 million. There should be no impact to sales or commissions for the Lottery’s 2900 traditional retailers since they will not typically be in direct competition with age-restricted retailers. The Lottery generated \$750 million in sales for FY15, which equates to approximately \$48.7 million in base game commissions. There are no additional costs to retailers as a result of this rulemaking and license fees remain unchanged for all license applicants.

Age-restricted businesses that apply for a Lottery license must also possess a valid series 6 or 14 Arizona liquor license. These are the categories the Lottery has chosen to recruit since they represent the most complementary match for selling Lottery products. As established by HB2517, sales in age-restricted locations may be conducted through a ticket vending machine. This benefits retailers who may not always have sufficient personnel resources available to perform manual sales transactions. All retailers are still required to establish loss prevention policies and ensure that machines are not operated by anyone under 21 years of age. The placement of machines in age-restricted locations should facilitate compliance with this rule provision.

The Lottery has added an alternative billing methodology for larger, corporate accounts. These retailers will benefit from the option to settle amounts owed for instant scratch tickets in a set 21-day time frame. Retailers can also remain with the existing method of 45 days, or 85% of validations, but the new provision provides a method of standardizing the payment process for larger retailers that operate across different states.

4. Probable impact on private and public employment in businesses, agencies, and political subdivisions of the state directly affected by the proposed rulemaking.

This rulemaking is not expected to have any identifiable impact on private and public employment.

5. Probable impact of the rulemaking on small business.

a. Identification of the small businesses subject to the rulemaking.

Small businesses impacted by these rules are also age-restricted retail establishments that choose to apply for a Lottery license. The impact on these businesses should also be positive. Although all retailers will benefit from the opportunity to earn additional commissions, the financial benefit may be even more important for smaller retailers. Similarly, the ability to sell Lottery products using a ticket vending machine will benefit all retailers, but should especially benefit small businesses that are more likely to have limited personnel resources.

b. Administrative and other costs required for compliance with the rulemaking.

Licensing and other administrative costs incurred to comply with application requirements will apply to all businesses, including small businesses. However, as described earlier, any administrative costs should be offset by commissions earned.



c. A description of methods that may be used to reduce the impact on small businesses and reasons for the agency's decision to use or not use each method.

Not applicable to this rulemaking; the rules are expected to have a positive impact on small businesses.

d. Probable cost and benefit to private persons and consumers who are directly affected by the proposed rulemaking.

There are no direct costs to consumers or the general public associated with this rulemaking. Consumers who are also Lottery players will potentially benefit from new retail locations offering Lottery products.

6. Probable effect on state revenues.

Revenue generated from retailer license fees are deposited into the Lottery Fund. License fees collected as a result of this rulemaking are expected to have a neutral impact on state revenues since the fee only allows the Lottery to recover the cost of providing the service. In FY15, the Lottery collected \$29,100 in license revenue.

A percentage of Lottery game revenue is returned to the state to fund various beneficiary programs as specified in A.R.S. § 5-572. Preliminary estimates indicate the Lottery could generate approximately \$4 million and return about \$1 million to the state annually by selling products in age-restricted establishments. This amount will fund ICACF and VREF as delineated in HB2517. Any proceeds in excess of these required transfers would be used to supplement traditional beneficiary transfers. The Lottery returned \$176 million to state beneficiaries in FY15.

7. Less intrusive or less costly alternative methods of achieving the purpose of the proposed rulemaking.

The Lottery is unaware of any other less intrusive or less costly methods for achieving the purpose of the rulemaking. Statute now requires the Lottery to support two new programs from game proceeds generated at age-restricted retailers. To implement this requirement, the Lottery will leverage existing contracts for ticket distribution and game printing services. These costs can be absorbed within the existing appropriated budget. However, the agency will require additional licensing and investigator positions in order to maintain adequate customer service levels and ensure the continued integrity of the Lottery. To the extent feasible, the Lottery will use existing staff in order to incur the least cost possible to fulfill the new mandate.

8. Description of any data on which the rule is based.

Not applicable to this rulemaking.

9. The agency's contact person who can answer questions about the economic, small business and consumer impact statement:

Name: Pam DiNunzio
 Address: Arizona State Lottery
 4740 E. University Drive
 Phoenix, AZ 85034
 Telephone: (480) 921-4489
 Fax: (480) 921-4488
 E-mail: pdinunzio@azlottery.gov

10. The time, place, and nature of the proceedings to make, amend, repeal, or renumber the rules, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rules:

Date: January 22, 2016
 Time: 10:00 a.m.
 Location: Arizona Lottery
 4740 E. University Drive
 Phoenix, AZ 85034
 Nature: Oral Proceeding

The close of record is 5:00 p.m. on January 22, 2016 for written comments and the end of the oral proceeding for verbal comments. Written comments should be directed to the person listed in item 9.

11. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

No other matters are applicable.

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:

The implementing statutes of the Lottery require a licensing process rather than a general permit.

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:



There is no corresponding federal law that is applicable to the subject matter. The rules are based on state law.

c. Whether a person submitted an analysis to the agency that compares the rule’s impact of the competitiveness of business in this state to the impact on business in other states:

No analysis was submitted.

12. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:

None

13. The full text of the rules follows:

TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING

CHAPTER 3. ARIZONA STATE LOTTERY COMMISSION

ARTICLE 2. RETAILERS

Section

- R19-3-201. Definitions
- R19-3-202. Retailer’s Application for License
- R19-3-202.01. Prerequisites to Issue or Renew a License
- R19-3-202.03. Denial of License Application
- R19-3-202.04. Duration and Renewal of License
- R19-3-204. Revocation, Suspension, or Renewal Denial of Retailer’s License
- R19-3-204.02. Lottery Determination of Need for Emergency Action
- R19-3-205. Lottery-issued Equipment
- R19-3-210. Reportable Events
- R19-3-211. Change of Ownership or Business Location
- R19-3-214. Payments to Lottery
- R19-3-217. Unaccounted for and Stolen Instant Scratch Tickets

ARTICLE 2. RETAILERS

R19-3-201. Definitions

In this Article, unless the context otherwise requires:

1. “Act” means A.R.S. Title 5, Chapter 5.1, Article 2.
2. “Activated” means the process taken by retailers to make a pack of instant scratch tickets valid for sale to the general public.
3. “Age-restricted retailer” means a licensed provider of sales and redemptions services for Lottery products that also holds a series 06 or 14 liquor license issued by the Arizona Department of Liquor Licenses and Control.
- ~~3-4.~~ “Chapter” means Arizona Administrative Code, Title 19, Chapter 3.
- ~~4-5.~~ “Charitable Organization” means an organization including not more than one auxiliary, to which the United States Internal Revenue Service has issued a letter of determination of the organization’s tax-exempt status, and the organization has operated for charitable purposes in Arizona for at least two years.
- ~~5-6.~~ “Controlling agent” means a stockholder, director, officer, managerial employee, or other person directly or indirectly controlling or operating the retailer’s business.
- ~~6-7.~~ “Controlling person” means a person at least 21 years of age accountable for the Lottery license.
- ~~7-8.~~ “Flare” means the board or placard that accompanies each package of instant tab tickets and that has printed on or affixed to it the following information:
 - a. Game name,
 - b. Serial number,
 - c. Ticket count,
 - d. Prize structure, and
 - e. Cost per play.
- ~~8-9.~~ “Instant scratch ticket” means an instant game ticket where the protective covering is made of latex or another substance that is scratched off.
- ~~9-10.~~ “Instant tab ticket” means an instant game ticket where the protective covering is a perforated paper tab that is opened. Instant tab ticket is the brand name for Arizona Lottery pull tabs.
- ~~10-11.~~ “License” means:
 - a. “Full product license” means a license to sell the products authorized by the Lottery.
 - b. “Charitable organization license” means a license issued to a qualified charitable organization to sell only instant tab tickets.
 - c. “Instant tab license” means a license to sell only instant tab tickets.
 - d. “Limited license” means a license issued by the Lottery that restricts the type of Lottery products sold, methods of selling, methods of validating Lottery products, or the type of applicant that qualifies for a Lottery license.



11. “Limited license” means a license issued by the Lottery that restricts the type of Lottery products sold, methods of selling, methods of validating Lottery products, or the type of applicant that qualifies for a Lottery license.
12. “Local premise manager” means a person who resides in Arizona that manages or is responsible for the operation of a premise or a number of premises.
13. “Minor” means an individual under the age of 18.
14. “On-line ticket” means a ticket purchased through a network of Lottery-authorized equipment linked to a central computer that records the wagers.
15. “Partial pack of tickets” means less than a complete pack of consecutively numbered and connected tickets.
16. “Premise manager” means the contact representative for a specific premise of a business or charitable organization.
17. “Pull tab” means an instant game ticket where the protective covering is a perforated paper tab that is opened to reveal the predetermined winning and non-winning symbols.
18. “Raffle” means the selling of numbered tickets, where each ticket has an equal chance of winning a prize in a random drawing held after the completion of all ticket sales.
19. “Retailer” means a licensed provider of sales and redemptions services for Lottery products. A retailer may hold a full product license, a charitable organization license, an instant tab license, a limited license, or a combination of licenses.
20. “Retailer bonus” means a sum of money credited to the retailer in addition to the retailer commission for specific actions or efforts in selling or validating Lottery products.
21. “Retailer commission” means a retailer incentive designed to maximize the sale of Lottery products by establishing a specific percent of the sales price of each ticket sold as payment for services in selling Lottery tickets.
22. “Retailer compensation” means all types of cash and noncash compensation to the retailer for selling Lottery tickets.
23. “Retailer compensation profile” means the written document in which the Lottery Commission authorizes the Director to issue an order that contains all the fundamentals required by these rules for retailer compensation including commission, bonus, and incentive compensation to be credited to Lottery retailers.
24. “Retailer incentive” means cash and non-cash methods to motivate action by the Lottery retailer to stimulate sales.
25. “Sales benchmark” means sales objectives established by the Lottery based upon previous performance.
26. “Ticket” means one or more Lottery game plays.
27. “Validation” means confirmation of a winning Lottery ticket.

R19-3-202. Retailer’s Application for License

All applicants shall provide the Director with the following to apply for a license to sell Lottery tickets:

1. A verified application on forms prescribed by the Director containing the following information:
 - a. The applicant’s name, and if different, the trade name of the business premise, address of the physical location of the place of business, the mailing address if different, and phone number;
 - b. The applicant’s current transaction privilege tax license number issued under A.R.S. § 42-5005 and federal taxpayer identification number issued by the Internal Revenue Service and recorded on Form W-9;
 - c. Certification that access to the applicant’s business complies with the Americans with Disabilities Act;
 - d. Marketing and sales information on the forms provided by the Lottery. The information required includes the number of cash registers, hours of operation, products presently offered for sale, and the approximate daily volume of customers entering the place of business;
 - e. Evidence the applicant operates a business with other products or services unrelated to lottery products or services concerning lotteries;
 - f. Financial relationship and any outstanding debt owed to the state of Arizona, any of its political subdivisions, or the United States government;
 - g. Evidence the applicant for a ~~full product~~ license other than a charitable organization license is financially solvent. The evidence may include either of the following:
 - i. Evidence the applicant has established business credit, has a record of meeting its business debts as they became due for the three years immediately preceding the date of application, and does not have outstanding legal actions, judgments, or tax liens; or
 - ii. Personal guarantee, in writing, of applicant’s Lottery account signed by a guarantor and the guarantor’s spouse, if community property is being used to guarantee the account, or by the guarantor only, if guarantor provides proof that the guarantee is based on sole and separate property.
 - h. An Electronic Funds Transfer Authorization agreement showing a valid bank account number for the full product applicant from which the Lottery will withdraw any amounts due.
 - i. Proof of identification.
2. If the applicant does business as a sole proprietorship or partnership:
 - a. The name, home address, and home phone number of each owner or partner, including spouse if community property owner, unless applicant provides proof that the business is sole property separate from the community; and



- b. Written authorization and tax identification number for the business entity and Social Security number of each applicant in order to obtain a credit check from a credit reporting agency.
- 3. If the applicant does business as a limited liability partnership (“LLP”) or a limited liability company (“LLC”):
 - a. The name, home address, and home phone number of each partner or member, and the local premise manager; and
 - b. Written authorization and a tax identification number to perform a credit check.
- 4. If the applicant does business as a corporation:
 - a. The name, corporate address, and corporate phone number of each officer and director, and the name, home address and home phone number of the responsible local premise manager who is the contact representative for the applicant’s corporate location in Arizona; and
 - b. Written authorization and a tax identification number to perform a credit check.
- 5. If the applicant does business as a charitable organization:
 - a. A copy of the organization charter or formation, documentation of current membership status in the organization, and if applicable, the authorization of the auxiliary;
 - b. The name, home address, and home phone number of each officer and local premise manager, or if an auxiliary, of each officer and local premise manager of the auxiliary;
 - c. A letter of determination issued in the organization’s name by the United States Internal Revenue Service verifying the organization’s tax-exempt status; and
 - d. Evidence the charitable organization has maintained a premise within the state of Arizona for the two years immediately preceding the date of application.
- 6. If the Lottery licenses an applicant under subsection (1)(g)(ii), the guarantor shall provide a written authorization to perform a credit check. If the guarantee is based on community property, the guarantor and guarantor’s spouse shall provide written authorization for the Lottery to perform a credit check.
- 7. An application fee of \$45.00 ~~and an additional credit check fee of \$22,~~ or if the applicant does business as a corporation, limited liability company, limited liability partnership, or partnership, an application fee of \$67 which includes a credit check fee.
- 8. If the applicant is a business with more than one currently licensed location, the application fee for the new location shall be pro-rated at \$1.25 per month from the application date until the date the other licenses are due for renewal under R19-3-202.04(B)(3).
- 9. If the applicant’s personal information shows no history by one of the major credit reporting agencies or through a criminal background check, the Lottery may require a completed authorized fingerprint card and fee per A.R.S. § 41-1750(J).

R19-3-202.01. Prerequisites to Issue or Renew a License

- A. Evidence the applicant is of good character and reputation. The Lottery may find that a person lacks good character and reputation if it determines the person has committed any act which, if committed by a licensed retailer, would be grounds for suspension or revocation of a license granted by the state of Arizona.
- B. An applicant, a director or officer of a corporation, partner, or member of a limited liability company, or charitable organization shall not have had a business license required by statute in Arizona or any other state suspended or revoked within the last 12 months.
- C. An applicant, a director or officer of a corporation, partner, or member of a limited liability company, or charitable organization shall not have had a Lottery license denied or revoked at the address and location of the applicant’s place of business for reasons other than noncompliance with the Americans with Disabilities Act, and shall not have sold Lottery products without being licensed within one year of the person’s date of application.
- D. An applicant for a ~~full product~~ license other than a charitable organization license shall have demonstrated financial solvency based on the information obtained through the application, credit check, or pending litigation, if any, or tax liens, if any.
- E. An applicant shall be one of the following to fulfill residency requirements:
 - 1. A resident of Arizona;;
 - 2. A corporation incorporated in Arizona or authorized to do business in Arizona;;
 - 3. A limited liability company authorized to do business in Arizona in which a member or manager resides in Arizona, or, if none of the members or managers resides in Arizona, a personal guarantor who is an Arizona resident;
 - 4. A partnership in which at least one of the general partners resides in Arizona;;
 - 5. A limited liability partnership in which at least one of the partners resides in Arizona;; or
 - 6. A charitable organization authorized to do business in Arizona.
- F. As a condition of licensure, each retailer shall agree to release, indemnify, defend, and hold harmless, the Lottery, its commissioners, officers, and employees, from and against any and all liability, damage, cost, claim, loss, or expense, including, without limitation, reasonable attorney’s fees and disbursements, resulting from or arising by reason of loss of use, temporary or permanent cessation of Lottery equipment, or terminal operations. This should not be construed in any way to affect the rights of the retailer to recover for losses caused by any third party.

R19-3-202.03. Denial of License Application

The Lottery shall not issue a license to an applicant if any of the following applies:



1. The applicant is a minor, a partnership or LLP in which one of the partners is a minor, an LLC in which one of the members or managers is a minor, or a corporation in which a corporate officer, director, or manager of Lottery sales is a minor;
2. The organization is an adult-oriented business as defined in A.R.S. § 13-1422 or displays sexually explicit material in violation of A.R.S. § 13-3507;
3. The applicant has sold a Lottery product without a license, or operated gaming machines or equipment that are required to be licensed, without a license;
4. The applicant fails to have a controlling person at least 21 years of age; or
5. The organization is an age-restricted business that does not have a valid series 06 or 14 liquor license issued by the Arizona Department of Liquor Licenses and Control.

R19-3-202.04. Duration and Renewal of License

- A. A license issued under this Chapter shall expire three years from the license issuance date by operation of law.
- B. A retailer may renew a license to sell Lottery tickets by submitting to the Director a verified application for license renewal of the current license on forms prescribed by the Director containing the information required in R19-3-202 and R19-3-202.01. By filing an application for renewal, a retailer holding a full product license authorizes the Lottery to collect a \$45.00 renewal fee by an electronic transfer of funds from the bank account from which the Lottery regularly bills the retailer. A retailer holding a charitable organization license or instant tab license shall submit cash, check, or a money order with its renewal application.
 1. An application for renewal of a Lottery license received by the Director or deposited in the United States mail post-age prepaid on or before the renewal date shall authorize the retailer to continue to operate until actual issuance of the renewal license.
 2. The Director may refuse to renew a license according to the provisions of R19-3-204.
 3. A retailer holding more than one license may elect to renew all licenses on the same date. If more than one license is renewed under this subsection, the application fee shall be pro-rated at \$1.25 per month from the license expiration date until the next renewal date of the other licenses held by the same retailer.
- C. A license issued under this Chapter is subject to termination by the Director according to the provisions of this Chapter.
- D. A retailer may voluntarily surrender a license unless an investigation or action has been initiated against the retailer.
- E. The Lottery may issue a license which is limited with regard to duration, type of products, methods of selling or validating products, or qualification requirements.

R19-3-204. Revocation, Suspension, or Renewal Denial of Retailer's License

- A. A license may be revoked, suspended, or denied renewal by the Director for any of the following reasons:
 1. The retailer violates a provision of the criminal laws of the state of Arizona or the United States, which could be punished by jail time or imprisonment;
 2. The retailer offers to sell a Lottery ticket, sells a Lottery ticket, or pays a prize on any winning Lottery ticket to a person under 21 years of age;
 3. The retailer sells a Lottery ticket in any transaction to a person using a public assistance voucher issued by any public entity or an electronic benefits transfer card issued by the Arizona Department of Economic Security;
 4. The retailer fails to maintain minimum sales requirements or does not follow the guidelines established by the Lottery. The Lottery shall provide minimum sales requirements to retailers at least 30 days prior to the effective change date;
 5. The retailer commits an act that impairs the retailer's reputation for honesty and integrity;
 6. The retailer sells a ticket at a price greater than face value;
 7. The retailer pays less than the full prize value of the ticket at validation;
 8. The retailer advises a player that a winning ticket presented for validation was not a prize winner;
 9. The retailer sells tickets not activated for sale on three or more occasions within any 12-month period;
 10. The retailer sells a ticket while license is suspended for insufficient funds;
 11. The retailer does not make purchase or redemption of Lottery tickets convenient and readily accessible to the public;
 12. The retailer provides to the Lottery a statement, representation, warranty, or certificate that the Lottery determines is false, incorrect, incomplete, or omits relevant information;
 13. The retailer's actions cause two payments to be returned to the Lottery for insufficient funds in a 12-month period;
 14. The retailer becomes insolvent, unable or unwilling to pay debts, or is declared bankrupt;
 15. The retailer, or officer, director, partner, LLC member or manager, controlling agent, or local premise manager of the retailer:
 - a. Is convicted of a felony, felony theft that is designated as a misdemeanor, misdemeanor theft, embezzlement, or a crime involving gambling or fraudulent schemes and artifices; or
 - b. Is the subject of a civil order, judgment, or decree of a federal or state authority for misrepresentation, consumer fraud, or any other fraud;
 16. Facts are discovered which, if known at the time the retailer's license was issued or renewed, would have been grounds to deny licensure;
 17. The retailer adds a minor as an owner, partner, or officer of the business;



- 18. The retailer, or an officer, employee, or agent of the retailer does any of the following:
 - a. Plays any Lottery game while working,
 - b. Fails to purchase or validate the ticket from another on-duty employee or through a Lottery product vending machine, or
 - c. Fails to pay for the ticket prior to playing the Lottery game.
- 19. The retailer, or an officer, employee, or agent of the retailer sells any Lottery product for consideration other than U.S. currency, check, credit card, debit card or, if a player requests, the exchange of a winning Lottery ticket;
- 20. The retailer, or an officer, employee, or agent of the retailer sells a Lottery ticket by telephone, mail, fax, on the internet, or on premises not authorized by the Lottery;
- 21. The retailer, or an officer, employee, or agent of the retailer sells an altered Lottery ticket, an expired Lottery ticket, or a Lottery ticket after the announced end of the game;
- 22. The retailer fails to display the Authorized Retailer Notice, which includes the Americans with Disabilities Act Notice and Arizona Problem Gambling Helpline toll-free telephone number;
- 23. The retailer fails to report a change event defined in R19-3-210;
- 24. The retailer fails to comply or cooperate with an investigation concerning Arizona state laws, Lottery regulations, or denies access to Lottery personnel;
- 25. The retailer holding a charitable organization license or instant tab license fails to prominently display the flare for each instant tab game currently on sale within public view near the point of sale;
- 26. The retailer holding a charitable organization license no longer qualifies as a charitable organization or its letter of determination of tax-exempt status is suspended or revoked; ~~or~~
- 27. The retailer fails to comply with the rules governing its license; ~~or~~
- 28. The age-restricted retailer violates a provision of the state of Arizona liquor laws under A.R.S. § 4-101, et. seq.
- B. An investigation of a violation of Lottery rules may be initiated by action of the Director or by a written complaint of any person.
 - 1. An investigation initiated by a written complaint shall be investigated within 30 days of receiving the complaint.
 - 2. During an investigation the Director may temporarily suspend a license under an emergency action, or impose specific conditions on a retailer.
- C. An action to suspend or revoke a license shall be initiated by a notice of action to the retailer. Notice may be made by mail, hand-delivery, or electronic mail with a copy by regular mail. Notice to the retailer is effective notice if it is sent to the address in the application or the last address provided under R19-3-210.

R19-3-204.02. Lottery Determination of Need for Emergency Action

- A. The Director may determine the need for emergency action to disable a retailer’s Lottery-issued equipment, suspend sales of Lottery games, or remove tickets if the public welfare is threatened pending a proceeding for revocation, suspension, or denial of renewal, in the following circumstances:
 - 1. The retailer’s bank account has insufficient funds when the Lottery’s regularly-scheduled electronic transfer of the retailer’s account is returned by the bank as insufficient funds or closed account and the retailer does not immediately pay the insufficiency;
 - 2. The retailer fails to comply or cooperate with an investigation concerning Arizona state laws or Lottery regulations;
 - 3. The retailer, or officer, director, partner, LLC member or manager, controlling agent, or local premise manager is charged with a felony, felony theft that is designated as a misdemeanor, misdemeanor theft, embezzlement, or a crime involving gambling or fraudulent schemes and artifices;
 - 4. The retailer sells a Lottery ticket in any transaction to a person using a public assistance voucher issued by any public entity or an electronic benefits transfer card issued by the Arizona Department of Economic Security;
 - 5. The retailer sells an altered or expired ticket;
 - 6. The retailer sells a ticket at a price greater than face value; ~~or~~
 - 7. The retailer pays less than the full prize value of the ticket at validation; ~~or~~
 - 8. The age-restricted retailer violates a provision of the state of Arizona liquor laws under A.R.S. § 4-101 et. seq.
- B. A retailer who receives a Notice of Intent to Revoke a Retailer’s License with a finding of emergency action shall:
 - 1. Immediately cease all sales of Lottery products, and
 - 2. Surrender the license and all other Lottery property and products upon request by the Director’s representative.
- C. The Director shall notify the retailer in writing within five days of taking an emergency action that an expedited hearing or informal conference may be obtained before the Office of Administrative Hearings under A.A.C. R2-19-103 and A.A.C. R2-19-110.
- D. If the retailer fails to settle the financial account and surrender the license and all other Lottery property and products, the Director shall take steps allowed by law to secure payment and return of Lottery property and products.

R19-3-205. Lottery-issued Equipment

- A. Retailers holding a charitable organization license or instant tab license shall not be issued Lottery terminal equipment to sell or validate Lottery products, but may use an authorized Lottery product vending machine in accordance with subsection (C).
- B. Retailers holding a full product or limited license shall only sell or validate Lottery products using authorized Lottery-issued equipment.



1. A retailer shall locate the equipment at a site approved by the Lottery and shall not move the equipment from that site without prior approval from the Lottery.
 2. A retailer shall ensure electrical service to the equipment location is installed according to the specifications established by the Lottery. The cost of electrical service shall be the responsibility of the retailer.
 3. A retailer shall cooperate with the Lottery to the extent reasonable and practicable to accomplish any modifications to the equipment or systems in a timely and economical fashion.
 4. The Lottery shall not be liable for damages of any kind due to interruption or failure of any Lottery-issued or authorized equipment.
 5. A retailer shall operate the Lottery-issued equipment and accessories only in the ordinary course of its Lottery business and only according to the requirements established by the Lottery.
 6. A retailer shall exercise diligence and care to prevent damage to the Lottery-issued equipment and other property of the Lottery, or property of Lottery contractors.
 7. A retailer shall maintain the Lottery-issued equipment and accessories in a clean and orderly condition.
 8. A retailer shall minimize equipment downtime by notifying the Lottery or its contractor immediately of any equipment failure, malfunction, damage, or accident.
 9. A retailer shall make the equipment available for repair, adjustment, or replacement at all times during the retailer's regular business hours.
 10. A retailer shall order and use equipment supplies exclusively from the Lottery or its designated contractor. The Lottery shall furnish equipment supplies, at no cost, to the retailer.
 11. A retailer shall install and use only approved Lottery paper stock specifically assigned to the retailer.
- C. Retailers may sell tickets using an authorized Lottery product vending machine in accordance with the Act and this Chapter.
1. A retailer shall establish loss prevention policies to ensure Lottery product vending machines are not operated by persons under 21 years of age to purchase Lottery tickets.
 2. The Lottery product vending machine shall remain operational during the retailer's regular business hours and be placed in an area visible to retail personnel and easily accessible to players.
 3. A retailer shall maintain an adequate supply of instant scratch or instant tab tickets for the Lottery product vending machine.

R19-3-210. Reportable Events

- A. A retailer shall report the following events to the Lottery in writing a minimum of 10 business days before the event:
1. Change in business location of the licensed premise;
 2. Sale of ownership, merger, or acquisition of the licensed entity;
 3. Addition, removal, or change of address or phone number of the following persons:
 - a. A partner in a partnership or a limited liability partnership;
 - b. A member or manager in a limited liability company;
 - c. An officer holding the position or functional equivalent of president, secretary, or treasurer of a corporation; or
 - d. A controlling agent, local premise manager, or designated corporate contact representative.
 4. A charge of felony, felony theft that is designated as a misdemeanor, misdemeanor theft, embezzlement, or a crime involving gambling or fraudulent schemes and artifices that is brought against any person listed in subsection (3);
 5. Divorce or legal separation action filed by a sole proprietor or partner licensed as a retailer, or retailer's spouse;
 6. Retailer or guarantor becomes insolvent, files bankruptcy, or a receivership is ordered;
 7. Change in bank account from which the Lottery's electronic funds transfers are made; ~~or~~
 8. Revocation, suspension, or other action against a charitable organization's letter of determination of tax-exempt status; or
 9. Change in the status of liquor license issued by the Arizona Department of Liquor Licenses and Control.
- B. A retailer shall report to the Lottery in writing the death of a sole proprietor or partner licensed as a retailer within 10 business days after the death occurs.

R19-3-211. Change of Ownership or Business Location

A license is not assignable or transferable. A license authorizes the entity described in the application to sell Lottery tickets only at the specific premise authorized by the Lottery.

1. If there is a change of business location or ownership as reportable in R19-3-210(A)(1) through (3) or R19-3-210(B), ~~change of business location, or~~ a criminal charge as reportable in R19-3-210(A)(4), or a change in liquor license status as reportable in R19-3-210(9), the retailer shall:
 - a. Surrender the license to the Director on the date of the event,
 - b. Not sell any additional Lottery tickets, and
 - c. Not allow the sale of Lottery products under a subcontract to avoid the repercussions of a change of status under this section.
2. If the retailer does not notify the Lottery of a change in ownership or business location at least 10 business days before the change, the retailer may not receive credit for any activated partial packs of tickets.
3. The new owner shall apply for a license according to R19-3-202.



R19-3-214. Payments to Lottery

- A. Money collected from the sale of Lottery tickets by retailers ~~holding a full product license~~ are trust monies required to be collected for the benefit of the state and shall be paid to the Lottery according to ~~subsection (B)~~ subsections (B) and (C).
- B. A retailer holding a full product license shall pay for ticket sales in the following manner:
 - 1. Pay to the Lottery each Friday, by an electronic funds transfer, the amount due from the sale of its Lottery tickets for the seven-day period ending at the close of business on the previous Saturday.
 - 2. The amount due for on-line tickets means the retailer's gross on-line sales revenue, minus any promotional tickets, prize winnings paid out by the retailer, the retailer's sales commission, and plus or minus any accounting or prize adjustments.
 - 3. The amount due for instant scratch tickets is based on billing for instant ticket packs issued to a retailer with billing occurring 45 days after a pack is activated, or after 85% of winning tickets in the pack are validated, whichever occurs first, minus any promotional tickets, returned tickets, prize winnings paid out by the retailer, the retailer's sales commission, and plus or minus any accounting or prize adjustments. Corporate account retailers may elect to settle in 21 days with no associated validation percentage.
 - 4. The retailer shall deposit funds in a timely manner into a bank account from which the electronic funds transfer will be made to the Lottery.
 - a. The retailer shall provide the Lottery with an electronic funds transfer authorization showing a valid bank account number from which the amounts due the Lottery will be transferred, and
 - b. The retailer shall notify the Lottery of any bank account changes a minimum of 10 business days before the effective date of the change.
 - 5. If a retailer's payment is returned to the Lottery for any reason, the retailer shall deliver a certified check, cashier's check, or money order, or make a direct deposit for the amount due to the Lottery's bank account within 24 hours of notification. Additionally, if the retailer's payment is returned to the Lottery:
 - a. The Director may require that the retailer's Lottery-issued equipment be disabled;
 - b. The Director may revoke, suspend, or deny renewal of the retailer's license according to R19-3-204;
 - c. The Director may require payment for instant scratch tickets upon activating the pack for sale; and
 - d. The Director may require the return of the retailer's current inventory of instant scratch tickets and suspend further delivery of instant scratch tickets.
- C. A retailer holding a charitable organization license or instant tab license shall pay the Lottery's authorized representative for instant tab tickets.
- D. If the retailer owes money to the Lottery, the Lottery may offset that debt with any monies that are owed to the retailer by the Lottery.

R19-3-217. Unaccounted for and Stolen Instant Scratch Tickets

- A. All Lottery tickets issued to a retailer holding a full product license shall be the property of the retailer until their return is acknowledged by the Lottery. The Lottery is not responsible for lost tickets.
- B. A retailer holding a full product license shall report stolen Lottery tickets to the local law enforcement agency and the Lottery Investigations unit within one hour from the time the theft occurs or the theft first could have been discovered. The retailer shall:
 - 1. Provide a copy of the written police report to the Lottery,
 - 2. Cooperate in any investigation and prosecution of the theft,
 - 3. Sign an affidavit providing the details as known by the retailer, and
 - 4. Maintain and report current game, pack, and ticket inventory.
- C. If a retailer holding a full product license sustains a loss from stolen tickets, the retailer's insurance is the loss payee.
- D. If a retailer holding a full product license has insufficient insurance to pay for the retailer's loss and the retailer complies with subsection (B), the Lottery will credit the retailer's account for stolen instant tickets as follows:
 - 1. The Lottery shall credit all charges against the account of the retailer for the stolen tickets if the Lottery determines the theft was from a source not associated with the retailer or by an unknown party.
 - 2. The Lottery shall credit 50% of the charges against the account of the retailer for the stolen tickets if the Lottery determines the theft was from an employee, manager, officer, director, or a relative with access to Lottery tickets.
 - 3. Each retailer is limited to no more than two stolen ticket credit requests within any 12-month period.
- E. The Lottery shall not issue a credit for stolen tickets if the Lottery finds a retailer holding a full product license was negligent or did not enforce reasonable loss-prevention procedures to protect tickets, ticket processing, and ticket accounting.
- F. If a prize claim is made against a ticket that has been reported as stolen or a ticket unaccounted for by the retailer holding a full product license, the Lottery shall hold the prize money in trust pending the findings of an investigation by an appropriate law enforcement agency.
- G. The loss of instant tab tickets is the responsibility of the retailer.



NOTICES OF SUPPLEMENTAL PROPOSED RULEMAKINGS

This section of the Arizona Administrative Register contains Notices of Supplemental Proposed Rulemaking.

After an agency has filed a Notice of Proposed Rulemaking and it is published in the Register, an agency may decide to make substantial changes to the rule after it is proposed.

The agency prepares a Notice of Supplemental Proposed Rulemaking with these proposed substantial changes. When filed, the Notice is published under the deadline schedule in the back of the Register. The Notice

of Supplemental Proposed Rulemaking shall be published in the Register before holding any oral proceedings (A.R.S. § 41-1022).

The Office of the Secretary of State is the filing office and publisher of these rules. Questions about the interpretation of the rules should be addressed to the agency that promulgated the rules. Refer to item #4 of the Preamble of this Notice to contact the person charged with the rulemaking and item #10 for information related to public hearings and oral comments.

NOTICE OF SUPPLEMENTAL PROPOSED RULEMAKING

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS; SECURITIES REGULATION

CHAPTER 5. CORPORATION COMMISSION – TRANSPORTATION

[R15-182]

PREAMBLE

1. Citations to the agency’s Notice of Rulemaking Docket Opening, the Notice of Proposed Rulemaking, and any other Notices of Supplemental Proposed Rulemaking (if applicable) as published in the Register as specified in R1-1-409(A). A list of any other related notices published in the Register to include the as specified in R1-1-409(A):

Notice of Rulemaking Docket Opening: 21 A.A.R. 685, May 15, 2015
Notice of Proposed Rulemaking: 21 A.A.R. 674, May 15, 2015

Table with 2 columns: Articles, Parts, or Sections Affected (as applicable) and Rulemaking Action. Rows include R14-5-202 through R14-5-207, all with 'Amend' as the action.

3. Citations to the agency’s statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):

Authorizing statutes/laws: A.R.S. § 40-441, Arizona Constitution, Article 15, § 3
Implementing statutes: A.R.S. §§ 40-441, 40-202(A), 40-203, 40-321(A), 40-322, 40-336

4. The agency’s contact person who can answer questions about the rulemaking:

Name: Charles Hains, Commission Counsel, Legal Division
Address: Arizona Corporation Commission, 1200 W. Washington St., Phoenix, AZ 85007
Telephone: (602) 542-3402
Fax: (602) 542-4870
E-mail: CHains@azcc.gov
Web site: www.azcc.gov

5. An agency’s justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:

The Commission’s Pipeline Safety rules establish construction and safety standards for gas, liquefied natural gas (“LNG”), and hazardous liquid pipeline systems and for master meter systems. The rules are designed to protect all residents of and visitors to the State of Arizona by helping to ensure that the handling and transportation of gas, LNG, and hazardous liquids are conducted in the safest manner possible. The primary purpose of this rulemaking is to make the Commission’s Pipeline Safety rules consistent with current federal pipeline safety regulations so that the Commission maintains compliance with the requirements of its intergovernmental agreement with the U.S.



Department of Transportation's Pipeline and Hazardous Material Safety Administration ("PHMSA"). The rulemaking accomplishes this by updating the incorporations by reference for 49 CFR Parts 40, 191, 192, 193, 195, and 199, as well as several PHMSA reporting forms, and by clarifying some requirements of the rules.

Under Title 49, § 60105 of the U.S. Code ("49 U.S.C. § 60105"), the Commission holds certification from PHMSA authorizing the Commission to prescribe and enforce safety standards and practices for intrastate pipeline facilities and intrastate pipeline transportation. (See 49 U.S.C. § 60105(a).) The Commission is also authorized to act as an interstate agent under 49 CFR Chapter 601. To maintain its certification, the Commission must annually submit to PHMSA a certification stating, *inter alia*, that the Commission (1) has regulatory jurisdiction over the standards and practices to which the certification applies; (2) has adopted, by the date of certification, each applicable standard prescribed under 49 U.S.C. Chapter 601 or, if the standard was prescribed no later than 120 days before certification, is taking steps to adopt the standard; and (3) is enforcing each adopted standard through means including inspections by qualified Commission employees. (49 U.S.C. § 60105(b).) The certification filing must also identify the persons subject to the Commission's safety jurisdiction, describe specific types of reported accidents or incidents during the past 12 months, provide an investigation summary for each accident or incident, and describe the Commission's regulatory and enforcement practices. (49 U.S.C. § 60105(c).) PHMSA may reject certification for a state authority if it determines that the state authority is not satisfactorily enforcing compliance with the applicable federal safety standards of 49 U.S.C. Chapter 601. (49 U.S.C. § 60105(f).) A state authority that carries out a safety program pursuant to certification under 49 U.S.C. § 60105 is eligible to obtain grant funding from PHMSA of up to 80 percent of the state authority's costs for the personnel, equipment, and activities reasonably required to carry out the program for the next calendar year. (49 U.S.C. § 60107(a).) One of the performance factors considered by PHMSA when determining the allocation of grant funds to a state authority is whether the state has adopted the applicable federal pipeline safety standards. (49 CFR § 198.13(c)(7).) PHMSA can withhold payment if it determines that a state authority is not satisfactorily carrying out its safety program. (49 U.S.C. § 60107(b).) PHMSA requires the Commission to update its Pipeline Safety rules to the current federal standards by December 31, 2015.

The Commission commenced this rulemaking through a Notice of Rulemaking Docket Opening and Notice of Proposed Rulemaking published in the *Arizona Administrative Register* on May 15, 2015. The Commission held an oral proceeding on June 18, 2015, and did not receive any oral or written public comments on the rulemaking. On August 26, 2015, the Commission approved a Notice of Final Rulemaking ("NFRM") package for filing with the Attorney General ("AG") for certification under A.R.S. § 41-1044. The NFRM included language demonstrating the need for an immediate effective date for the rulemaking as provided under A.R.S. § 41-1032. The Commission filed the NFRM package with the AG on September 15, 2015. Subsequent to the filing of the NFRM package, the AG notified the Commission that the AG considered modifications made to a date parenthetical included in the NFRM to constitute a substantial change under A.R.S. § 41-1025 and thus would not approve the NFRM. The Commission withdrew the NFRM package and is issuing this Notice of Supplemental Proposed Rulemaking to continue the regular rulemaking process to promulgate the updated rules.

Because the Commission's failure to meet the requirements of the certification program could result in loss of funding for the Commission's Pipeline Safety program, and the PHMSA deadline for the Commission to update its Pipeline Safety rules to the current federal standards is December 31, 2015, the Commission also filed a Notice of Emergency Rulemaking ("NERM") with the AG on October 22, 2015, under A.R.S. § 41-1026, to adopt the rule revisions herein.

At the time the NFRM was approved by the Commission, the most recent codification of 49 CFR Parts 40, 191, 192, 193, 195, and 199 had been issued on October 1, 2014. However, 49 CFR Parts 192, 193, 195, and 199 had recently been amended through a PHMSA rulemaking. Thus, in the NFRM, the Commission included the following parenthetical date citation for the 49 CFR Parts: "~~(October 1, 2012~~ October 1, 2014, as amended by the Final Rule published at 80 Fed. Reg. 168 (January 5, 2015) and effective March 6, 2015." The Notice of Proposed Rulemaking had included a parenthetical date citation of February 5, 2015, which was intended to represent the current version of the 49 CFR Parts as of March 31, 2015, when the language for the proposed rulemaking was initially provided to the Commissioners for consideration at an Open Meeting. The Commission found that the revision to the date parenthetical included in the NFRM would not result in a substantial change to the proposed rules, under A.R.S. § 41-1025, because the revision did not change the persons affected by the rules, the subject matter of the rules, the issues determined by the rules, or the effects of the rules. The AG disagreed, however, concluding that the revision resulted in a substantial change.

The rule text in the NFRM also differed from that in the propose rulemaking because it updated the parenthetical date for Form PHMSA F 7100.1-1, located in R14-5-204(A)(2), by replacing "(January 2011)" with "~~(January 2011~~ May 2015." The Commission also found that this revision would not result in a substantial change because the



revision did not change the persons affected by the rules, the subject matter of the rules, the issues determined by the rules, or the effects of the rules. The January 2011 form and the May 2015 form differ in that the May 2015 form requires the preparer to check two additional boxes to identify commodity group and operator type and requires the preparer to break down total excavation damage events by root cause rather than just reporting the total. Both versions have burden estimates of approximately 16 hours.

The rule language included in this Notice of Supplemental Proposed Rulemaking differs from that included in the NFRM only in the parenthetical date citation for the 49 CFR Parts incorporated by reference in R14-5-202(B). A new codification of the 49 CFR Parts was issued on October 1, 2015, in accordance with the U.S. Government Publishing Office’s regular codification schedule. Because this new codification includes all of the updates reflected in the revised date parenthetical included for the NFRM, and the new codification can be referenced more simply, the Commission is including the October 1, 2015, date in this Notice of Supplemental Proposed Rulemaking.

Through the NERM, the Commission will comply with the PHMSA requirement for the Commission’s Pipeline Safety rules to be consistent with the current federal pipeline safety standards before January 1, 2016. Yet A.R.S. § 41-1026(D) provides that if an agency has not issued either a Notice of Proposed Rulemaking or a Notice of Supplemental Proposed Rulemaking to adopt rule revisions consistent with its NERM within 180 days after the effective date of the rules as revised by the NERM, the rules as revised by the NERM will expire and will be ineligible for renewal. Thus, the Commission can only maintain its compliance by engaging in regular rulemaking.

For the Commission to preserve public health and safety and to maintain the Commission’s compliance with federal requirements, the regular rulemaking must be completed and must become effective as quickly as possible. If the Commission fails to adopt the rule updates permanently through regular rulemaking, the Commission could lose federal grant funding for the Commission’s Pipeline Safety program. This would constitute an imminent budget reduction and would result in serious prejudice to the public interest, which is best served by a robust Pipeline Safety program that has sufficient resources to enforce the current federal safety standards. Because the rules at issue establish safety standards consistent with the current federal safety standards, it is in the public interest to have the rules in effect and capable of enforcement as soon as possible. The Commission intends for this rulemaking to be adopted with an immediate effective date, under A.R.S. § 41-1032(A)(1) and (2), to preserve the public peace, health, and safety, and to avoid a violation of federal law or regulation.

6. A reference to any study relevant to the rule that the agency reviewed and proposes either to rely on or not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

None

7. An explanation of the substantial change which resulted in the supplemental notice:

As described in item 5, the Commission does not believe that the changes made to the text of the proposed rules after the Notice of Proposed Rulemaking resulted in a substantial change under A.R.S. § 41-1025(B) and is issuing this Notice of Supplemental Proposed Rulemaking to move forward with its regular rulemaking in response to the AG’s not approving the NFRM. The differences between the rules as published in the Notice of Proposed Rulemaking and the rules as set forth herein are as follows:

- a. R14-5-202(B) is revised by replacing “(~~October 1, 2012~~ February 5, 2015)” with “(~~October 1, 2012~~ October 1, 2015)”,
- b. R14-5-204(A)(2) is revised by replacing “(January 2011)” with “(~~January 2011~~ May 2015)” to update the incorporation by reference for Form PHMSA F 7100.1-1, and
- c. The text of subsections that are not being changed is no longer set forth in full.

8. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision:

Not applicable

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

The Commission’s Pipeline Safety rules establish construction and safety standards for gas, LNG, and hazardous liquid pipeline systems and for master meter systems. The rules apply to intrastate operators of natural gas and other gas pipelines, intrastate operators of hazardous liquid pipelines, and operators of master meter gas distribution systems. The Commission’s Pipeline Safety rules adopt the standards established by PHMSA through incorporation by reference of most of 49 CFR Parts 40, 191, 192, 193, 195, and 199 as well as PHMSA forms. This rulemaking updates those incorporations by reference, to make the Commission’s rules consistent with the new codification of 49 CFR and the newest PHMSA forms; makes minor technical corrections; and clarifies the Commission’s rules.

Other than operators of LNG facilities, intrastate operators who are already complying with the federal pipeline safety regulations will not be financially impacted by the rulemaking. Operators of LNG facilities may experience



increased testing costs when welding is performed, although the additional costs are expected to be minimal because welding is a non-recurring activity. The increased costs will be incurred only if an LNG facility operator is not already ensuring that nondestructive testing is completed for each weld performed on newly installed, replaced, or repaired pipeline or appurtenances.

The small businesses subject to the rules are master meter system operators, whose responsibilities will not be changed through this rulemaking.

The Commission will incur minimal costs as a result of the rulemaking, but will benefit substantially because the rulemaking will allow the Commission to maintain compliance with the PHMSA requirement for the Commission's Pipeline Safety rules to be consistent with current federal pipeline safety standards. This will allow the Commission to maintain its certification as an agent and its eligibility for federal grant funding to cover operating costs for the Pipeline Safety program.

The rulemaking should have no economic impact on consumers or users of gas service. However, the rulemaking will benefit all residents of and visitors to the State of Arizona by helping to ensure that the handling and transportation of gas, LNG, and hazardous liquids are conducted in the safest manner possible.

This rulemaking is the least costly method for achieving Commission compliance with the PHMSA requirements and protecting the public health and safety.

10. The agency's contact person who can answer questions about the economic, small business and consumer impact statement:

Name: Robert Miller, Office of Pipeline Safety
Address: Arizona Corporation Commission
2200 N. Central Ave., Ste. 200
Phoenix, AZ 85004
Telephone: (602) 262-5601
Fax: (602) 262-5620
E-mail: RMiller@azcc.gov
Web site: www.azcc.gov

11. The time, place, and nature of the proceedings to make, amend, renumber or repeal the rule or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the supplemental proposed rule:

Date: January 19, 2016
Time: 10:00 a.m.
Location: Arizona Corporation Commission
Hearing Room No. 1
1200 W. Washington St.
Phoenix, AZ 85007
Nature: Oral Proceeding

The Commission requests that written comments be submitted on or before January 19, 2016, to the Commission's Docket Control at 1200 W. Washington St., Phoenix, AZ 85007. Please reference Docket No. RG-00000A-15-0098 on all comments submitted to Docket Control.

Oral comments may be made at the oral proceeding on January 19, 2016.

12. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

None

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:

Not applicable

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:

Not applicable

c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:

Not applicable

13. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:

R14-5-202(B): 49 CFR 40; 191; 192, except (1)(A)(2) and (3) of Appendix D to Part 192; 193; 195, except 195.1(b)(2), (3), and (4); and 199 (October 1, 2015)
R14-5-202(Q)(1): ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983



- R14-5-202(Q)(2): ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11A-1983
- R14-5-203(C)(2)(a): Form PHMSA F 7100.1: Incident Report – Gas Distribution System (October 2014)
- R14-5-203(C)(2)(b): Form PHMSA F 7100.2: Incident Report – Natural and Other Gas Transmission and Gathering Pipeline Systems (October 2014)
- R14-5-203(C)(2)(c): Form PHMSA F 7100.3: Incident Report – Liquefied Natural Gas (LNG) Facilities (October 2014)
- R14-5-203(C)(3): Form PHMSA F 7000-1: Accident Report – Hazardous Liquid Pipeline Systems (July 2014)
- R14-5-204(A)(1): Form PHMSA F 7000-1:1 Annual Report for Calendar Year 20__ Hazardous Liquid Pipeline Systems (June 2014)
- R14-5-204(A)(2): Form PHMSA F 7100.1-1: Annual Report for Calendar Year 20__ Gas Distribution System (May 2015)
- R14-5-204(A)(3): Form PHMSA F 7100.2-1: Annual Report for Calendar Year 20__ Natural and Other Gas Transmission and Gathering Pipeline Systems (October 2014)
- R14-2-204(A)(4): Form PHMSA F 7100.3-1: Annual Report for Calendar Year 20__ Liquefied Natural Gas (LNG) Facilities (October 2014)

14. The full text of the rules follows:

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS; SECURITIES REGULATION

CHAPTER 5. CORPORATION COMMISSION – TRANSPORTATION

ARTICLE 2. PIPELINE SAFETY

Section

- R14-5-202. Construction and Safety Standards for Gas, LNG, and Hazardous Liquid Pipeline Systems
- R14-5-203. Pipeline Incident Reports
- R14-5-204. Annual Reports
- R14-5-205. Commission Investigations
- R14-5-207. Master Meter System Operators

ARTICLE 2. PIPELINE SAFETY

R14-5-202. Construction and Safety Standards for Gas, LNG, and Hazardous Liquid Pipeline Systems

- A. No change
- B. Subject to the definitional changes in R14-5-201 and the modifications noted in this Section, the Commission adopts, incorporates, and approves as its own 49 CFR 40; 191; 192, except (I)(A)(2) and (3) of Appendix D to Part 192; 193; 195, except 195.1(b)(2), (3), and (4); and 199(~~October 1, 2012~~ October 1, 2015), including no future editions or amendments, which are incorporated by reference; on file with the Office of Pipeline Safety; and published by and available from the U.S. Government Printing Office, 710 North Capital Street N.W., Washington DC 20401, and at <http://www.gpo.gov/fdsys/>. For purposes of 49 CFR 192, “Business District” means an area where the public congregate for economic, industrial, religious, educational, health, or recreational purposes and two or more buildings used for these purposes are located within 100 yards of each other.
- C. No change
 - 1. No change
 - 2. No change
- D. No change
- E. No change
 - 1. No change
 - 2. No change
- F. No change
- G. No change
- H. No change
- I. No change
- J. An operator of an intrastate pipeline transporting LNG, gas, or a hazardous liquid shall use a cathodic protection system designed to protect the metallic pipeline in its entirety, in accordance with 49 CFR 192, Subpart I, ~~October 1, 2010 (and no future amendments)~~, as incorporated by reference in subsection (B), and copies available from the Office of Pipeline Safety and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954, except, Sections (I)(A)(2) and (3) of Appendix D to Part 192 shall not be utilized. This modifies 49 CFR 192.463(a), 193.2629, and 195.571.
- K. No change



- L. No change
- M. No change
- N. An operator of an intrastate pipeline transporting gas or hazardous liquid that constructs an underground pipeline system using plastic pipe shall bury the installed pipe with at least 6 inches of sandy type soil, free of any rock or debris, surrounding the pipe for bedding and shading, unless the pipe is otherwise protected as approved by the Office of Pipeline Safety. Steel pipe shall be installed with at least 6 inches of sandy type soil, free of any debris or materials injurious to the pipe coating, surrounding the pipe for bedding and shading, unless the pipe is otherwise protected as approved by the Office of Pipeline Safety. This modifies 49 CFR 192.321, 192.361, and 195.246.
- O. No change
- P. No change
- Q. No change
1. In the case of all gas except LPG, leakage surveys and grading shall be performed pursuant to the standards set by ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983, including no future editions or amendments, which is incorporated by reference; on file with the Office of Pipeline Safety; published by and available from ASME, ~~Three~~ Two Park Avenue, New York, NY 10016-5990; and modified by omitting 4.4(c) and by replacing “should” with “shall” each time it appears.
 2. In the case of LPG, leakage surveys and grading shall be performed pursuant to the standards set by ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11A-1983, including no future editions or amendments, which is incorporated by reference; on file with the Office of Pipeline Safety; published by and available from ASME, ~~Three~~ Two Park Avenue, New York, NY 10016-5990; and modified by replacing “should” with “shall” each time it appears.
 3. No change
- R. No change
- S. No change
- T. An operator of an LNG facility shall ensure that nondestructive testing is completed for each weld performed on newly installed, replaced, or repaired pipeline or an appurtenance. This modifies 49 CFR 193.2303.
- ~~F.U.~~ No change
1. No change
 2. No change
 - a. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - f. No change
 3. Within 48 hours after receiving telephonic notification pursuant to subsection (~~F U~~)(2), the Office of Pipeline Safety shall:
 - a. No change
 - b. No change
 - i. That the operator must have the removed portion of pipeline tested, in accordance with Office of Pipeline Safety directions, by an independent laboratory selected by the Office of Pipeline Safety as provided in subsection (~~F U~~)(5), to determine the cause or causes of the failure; or
 - ii. No change
 4. After providing telephonic notice as provided in subsection (~~F U~~)(3)(b), the Office of Pipeline Safety shall confirm its notification in writing;
 5. No change
 - a. No change
 - i. Determine, as provided in subsection (~~F U~~)(6), the independent laboratory that will do the testing and the period of time within which the testing is to be completed;
 - ii. No change
 - iii. No change
 - b. No change
 - i. No change
 - ii. No change
 - iii. No change
 - iv. No change
 - v. No change
 6. In determining an independent laboratory to perform testing required under subsection (~~F U~~), the Office of Pipeline Safety shall:
 - a. No change
 - b. No change
 - i. No change



- ii. No change
- c. No change
 - i. No change
 - ii. No change
- d. No change

~~U-V~~No change

~~V-W~~No change

~~W-X~~No change

R14-5-203. Pipeline Incident Reports

A. No change

B. No change

- 1. No change
 - a. No change
 - i. No change
 - ii. No change
 - iii. No change
 - iv. No change
 - v. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - f. No change
 - g. No change
 - h. No change
- 2. No change
 - a. No change
 - i. No change
 - ii. No change
 - iii. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - f. No change
 - i. No change
 - ii. No change
 - iii. No change
 - iv. No change
 - g. No change
- 3. No change
 - a. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - f. No change
 - g. No change

C. No change

- 1. No change
 - a. No change
 - i. No change
 - ii. No change
 - iii. No change
 - iv. No change
 - v. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change



2. No change
 - a. Form PHMSA F 7100.1: Incident Report – Gas Distribution System (~~June 2014~~October 2014), including no future editions or amendments;
 - b. Form PHMSA F 7100.2: Incident Report – Natural and Other Gas Transmission and Gathering Pipeline Systems (~~December 2012~~October 2014), including no future editions or amendments; or
 - c. Form PHMSA F 7100.3: Incident Report – Liquefied Natural Gas (LNG) Facilities (~~June 2014~~October 2014), including no future editions or amendments.
3. An operator of an intrastate pipeline transporting hazardous liquid shall file a written incident report completed using Form PHMSA F 7000-1: Accident Report – Hazardous Liquid Pipeline Systems (~~December 2012~~July 2014), including no future editions or amendments, which is incorporated by reference, on file with the Office of Pipeline Safety, and published by and available from PHMSA as set forth in subsection (C)(2), any time the operator would have been required to make a notification as required under R14-5-203(B)(2).
4. No change
 - a. For an LNG or gas - incident, within 20 days after detection; and
 - b. No change
5. No change
6. After an incident involving shutdown or partial shutdown of a master meter system, an operator of a gas pipeline system shall request and obtain a clearance from the Office of Pipeline Safety before turning on or reinstating service to ~~a~~ the master meter system or portion of the master meter system that was shut down.

R14-5-204. Annual Reports

- A. No change
 1. Form PHMSA F 7000-1.1: Annual Report for Calendar Year 20__ Hazardous Liquid Pipeline Systems (~~June 2014~~2014), including no future editions or amendments, which shall be completed in accordance with the PHMSA instructions for the form;
 2. Form PHMSA F 7100.1-1: Annual Report for Calendar Year 20__ Gas Distribution System (~~January 2011~~May 2015), including no future editions or amendments, which shall be completed in accordance with the PHMSA instructions for the form;
 3. Form PHMSA F 7100.2-1: Annual Report for Calendar Year 20__ Natural and Other Gas Transmission and Gathering Pipeline Systems (~~December 2012~~October 2014), including no future editions or amendments, which shall be completed in accordance with the PHMSA instructions for the form; or
 4. Form PHMSA F 7100.3-1: Annual Report for Calendar Year 20__ Liquefied Natural Gas (LNG) Facilities (~~June 2014~~October 2014), including no future editions or amendments, which shall be completed in accordance with the PHMSA instructions for the form.
- B. No change

R14-5-205. Commission Investigations

- A. No change
- B. While investigating an incident, accident, or event, the Commission; or an authorized agent of the Commission may:
 1. No change
 2. No change
 3. No change
 4. No change
 5. No change
 6. No change

R14-5-207. Master Meter System Operators

- A. No change
- B. An operator of a master meter system shall comply with this Section as a condition of receiving service from a provider. Noncompliance with this Section by an operator of a master ~~meters~~ meter system constitutes grounds for termination of service by the provider when informed in writing by the Office of Pipeline Safety. In case of an emergency, the Office of Pipeline Safety may give the provider oral instructions to terminate service, with written confirmation to be furnished within 24 hours.
- C. No change
- D. No change
 1. No change
 2. No change
- E. No change
 1. No change
 2. No change
 - a. No change
 - b. No change
 - c. No change



- F. No change
- G. No change
- H. No change
- I. No change
- J. No change
- K. No change
- L. No change
 - 1. No change
 - 2. No change
 - 3. No change
 - 4. No change
- M. No change
- N. No change
 - 1. No change
 - 2. No change
 - 3. No change
 - 4. No change
- O. No change
 - 1. No change
 - 2. No change
 - 3. No change
 - 4. No change
- P. In the event of an unknown failure of a gas pipeline resulting in a master meter system operator's being required to provide a report under subsection (Q) and in the operator's removing a portion of the failed pipeline, the following shall occur:
 - 1. No change
 - 2. No change
 - a. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - f. No change
 - 3. No change
 - a. No change
 - b. No change
 - i. No change
 - ii. No change
 - 4. No change
 - 5. No change
 - a. No change
 - i. No change
 - ii. No change
 - iii. No change
 - b. No change
 - i. No change
 - ii. No change
 - iii. No change
 - iv. No change
 - v. No change
 - 6. No change
 - a. No change
 - b. No change
 - i. No change
 - ii. No change
 - c. No change
 - i. No change
 - ii. No change
 - d. No change
- Q. No change
 - 1. No change



- a. No change
 - i. No change
 - ii. No change
 - iii. No change
 - iv. No change
 - v. No change
 - vi. No change
 - vii. No change
 - viii. No change
- b. No change
- c. An event involving permanent or temporary discontinuance of service to a master meter system or any portion of a master meter system due to a failure of a leak test or for any purpose other than to perform routine maintenance; or
- d. No change
- 2. No change
 - a. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - f. No change
 - g. No change
- 3. No change
- R.** No change
- S.** To ensure compliance with all applicable provisions of this Article, the Commission or an authorized representative thereof, may enter the premises of an operator of a master meter system to inspect and investigate the property, books, papers, electronic files, business methods, and affairs that pertain to the operation of the master meter system.



NOTICES OF FINAL EXEMPT RULEMAKING

This section of the Arizona Administrative Register contains Notices of Final Exempt Rulemaking.

The Office of the Secretary of State is the filing office and publisher of these rules. Questions about the

interpretation of the final exempt rule should be addressed to the agency proposing them. Refer to Item #5 to contact the person charged with the rulemaking.

NOTICE OF FINAL EXEMPT RULEMAKING

TITLE 2. ADMINISTRATION

CHAPTER 20. CITIZENS CLEAN ELECTIONS COMMISSION

[R15-171]

PREAMBLE

- 1. Article, Part or Sections Affected (as applicable) Rulemaking Action
2. Citations to the agency's statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific) and the statute or session law authorizing the exemption:
3. The effective date of the rule and the agency's reason it selected the effective date:
4. A list of all notices published in the Register as specified in R9-1-409(A) that pertain to the record of the exempt rulemaking:
5. The agency's contact person who can answer questions about the rulemaking:
6. An agency's justification and reason why a rule should be made, amended, repealed, or renumbered to include an explanation about the rulemaking:



R2-20-109(F)(6) – clarifies filing requirements to reflect statutory requirements.

R2-20-109(F)(8) – clarifies Commission’s auditing authority to eliminate potentially confusing language.

R2-20-109(F)(12) – these provisions update the Commission’s rules to address the passage of HB2649, which amended the definition of political committee and to provide further clarity to the requirements applicable to those making independent expenditures.

The amendments stem from a Commission review of the rules and submitted public comment and were adopted in open meetings on October 29 and 30, 2015.

The Commission’s rulemakings are exempt from Title 41, Ch. 6, Article 3, pursuant to A.R.S. § 16-956.

7. **A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**
Not applicable
8. **A showing of good cause why the rule is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:**
Not applicable
9. **The summary of the economic, small business, and consumer impact, if applicable:**
Not applicable
10. **A description of any changes between the proposed rulemaking, including any supplemental proposed rulemaking, and final rulemaking package, (if applicable):**
The adopted rule amendments clarify the Commission’s expenditure reporting requirements for candidates, persons, entities, and associations. The adopted rule amendments were developed by the Commission during a review of its rules, the consideration of submitted public comment, and were adopted in open meetings on October 29 and 30, 2015. The rule was proposed in an open meeting on August 20, 2015. A Notice of Proposed Rulemakings related to these Sections was previously filed and changes are being made to the subsections R2-20-109(D) and (F) only. Changes between the proposed rulemaking and the adopted rulemaking are not substantive and there were no Notices of Supplemental Proposed Rulemakings previously filed.
11. **An agency’s summary of the public or stakeholder comments made about the rulemaking and the agency response to the comments, if applicable:**
The Commission solicits public comment throughout the rulemaking process.
12. **Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules. When applicable, matters shall include, but not be limited to:**
 - a. **Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:**
Not applicable
 - b. **Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than the federal law and if so, citation to the statutory authority to exceed the requirements of the federal law:**
Not applicable
 - c. **Whether a person submitted an analysis to the agency that compares the rule’s impact of the competitiveness of business in this state to the impact on business in other states:**
Not applicable
13. **A list of any incorporated by reference material and its location in the rules:**
Not applicable
14. **Whether this rule previously made, amended, repealed or renumbered as an emergency rule. If so, the agency shall state where the text changed between the emergency and the exempt rulemaking packages:**
The rule was not previously made, amended, repealed, or renumbered as an emergency rule.
15. **The full text of the rules follows:**

TITLE 2. ADMINISTRATION

CHAPTER 20. CITIZENS CLEAN ELECTIONS COMMISSION

ARTICLE 1. GENERAL PROVISIONS

Section
R2-20-109. Reporting Requirements



ARTICLE 1. GENERAL PROVISIONS

R2-20-109. Reporting Requirements

- A. No change
- B. No change
- C. No change

D. Transportation expenses.

1. Except as otherwise provided in this subsection (D), the costs of transportation relating to the election of a participating statewide or legislative office candidate shall not be considered a direct campaign expense and shall not be reported by the candidate as expenditures or as in-kind contributions.
2. If a participating candidate travels for campaign purposes in a privately owned automobile, the candidate may:
 - a. Use campaign funds to reimburse the owner of the automobile at a rate not to exceed the state mileage reimbursement rate in which event the reimbursement shall be considered a direct campaign expense and shall be reported as an expenditure and reported in the reporting period in which the expenditure was incurred. If a candidate chooses to use campaign funds to reimburse, the candidate shall keep an itinerary of the trip, including name and type of events(s) attended, miles traveled and the rate at which the reimbursement was made. This subsection applies to candidate owned automobiles in addition to any other automobile. Traditional candidates may reimburse in a similar fashion, but are not required to stay within the State mileage rate.
 - b. Use campaign funds to pay for direct fuel purchases for the candidate’s automobile only and shall be reported. If a candidate chooses to use campaign funds for direct fuel purchases, the candidate shall keep an itinerary of the trip, including name and type of events(s) attended, miles traveled and the rate at which the reimbursement could have been made.
3. Use of airplanes.
 - a. If a participating candidate travels for campaign purposes in a privately owned airplane, within 7 days from the date of travel, the candidate shall use campaign funds to reimburse the owner of the airplane at a rate of \$150 per hour of flying time, in which event the reimbursement shall be considered a direct campaign expense and shall be reported as an expenditure. If the owner of the airplane is unwilling or unable to accept reimbursement, the participating candidate shall remit to the fund an amount equal to \$150 per hour of flying time.
 - b. If a participating candidate travels for campaign purposes in a state-owned airplane, within 7 days from the date of travel, the candidate shall use campaign funds to reimburse the state for the portion allocable to the campaign in accordance with subsection (3)(a), above. The portion of the trip attributable to state business shall not be reimbursed. If payment to the State is not possible, the payment shall be remitted to the Clean Elections Fund.
4. If a participating candidate rents a vehicle or purchases a ticket or fare on a commercial carrier for campaign purposes, the actual costs of such rental (including fuel costs), ticket or fare shall be considered a direct campaign expense and shall be reported as an expenditure.

E. No change

F. Independent Expenditure Reporting Requirements.

1. Any person making independent expenditures cumulatively exceeding the amount prescribed in A.R.S. § 16-941(D) in an election cycle shall file campaign finance reports in accordance with A.R.S. § 16-958 and Commission rules.
2. Any person required to comply with A.R.S. § 16-917 shall provide a copy of the literature and advertisement to the Commission at the same time and in the same manner as prescribed by A.R.S. § 16-917(A) and (B). For purposes of this subsection (F), “literature and advertisement” includes electronic communications, including emails and social media messages or postings, sent to more than 1,000 people.
3. Any person making an independent expenditure on behalf of a candidate, participating or non-participating, and not timely filing a campaign finance report as required by A.R.S. § 16-941(D), A.R.S. § 16-958, or A.R.S. § 16-913 shall be subject to a civil penalty as described in A.R.S. § 16-942(B). An expenditure advocating against one or more candidates shall be considered an expenditure on behalf of any opposing candidate or candidates. This subsection and A.R.S. § 16-942(B) applies to any political committee that accepts contributions or makes expenditures on behalf of any candidate, participating or nonparticipating, regardless of any other contributions taken or expenditures made. Penalties imposed pursuant to this subsection shall not exceed twice the amount of expenditures not reported. Penalties shall be assessed as follows:
 - a. For an election involving a candidate for statewide office, the civil penalty shall be \$300 per day.
 - b. For an election involving a legislative candidate, the civil penalty shall be \$100 per day.
 - c. The penalties in (a) and (b) shall be doubled if the amount not reported for a particular election cycle exceeds ten (10%) percent of the applicable one of the adjusted primary election spending limit or adjusted general election spending limit.
 - d. The dollar amounts in items (a) and (b), and the spending limits in item (c) are subject to adjustment of A.R.S. § 16-959.



4. Any corporation, limited liability company, or labor organization that is both (a) not registered as a political committee and (b) in compliance with or intends to comply with A.R.S. § 16-920(A)(6) and A.R.S. § 16-914.02(A)(2) may seek an exemption from the reporting requirements of A.R.S. § 16-941(D) and A.R.S. § 16-958(A) and (B) for an election cycle by applying to the Commission for an exemption using a form specified by the Commission's Executive Director.
5. The form shall contain, at a minimum, a sworn statement by a natural person authorized to bind the corporation, limited liability company, or labor organization certifying that the corporation, limited liability company, or labor organization:
 - a. is in compliance with, and intends to remain in compliance with, the reporting requirements of A.R.S. § 16-914.02(A)-(J); and
 - b. has or intends to spend more than the applicable threshold prescribed by A.R.S. § 16-914.02(A)(1) and (A)(2).
6. A corporation, limited liability company, or labor organization that does not receive an exemption from the Commission must file the Clean Elections Act independent expenditure reports specified by A.R.S. § 16-941(D) and A.R.S. § 16-958(A)-(B), and comply with the requirements of A.R.S. § 16-913.
7. Unless the request for an exemption is incomplete or the Executive Director is aware that any required statement is untrue or incorrect, the Executive Director shall grant the exemption. Civil penalties shall not accrue during the pendency of a request for exemption.
 - a. If the Executive Director deems the application for exemption is incomplete the person may reapply within two weeks of the Executive Director's decision by filing a completed application for exemption.
 - b. The denial of an exemption pursuant to this subsection is an appealable agency action. The Executive Director shall draft and serve notice of an appealable agency action pursuant to A.R.S. § 41-1092.03 and § 41-1092.04 on the respondent. The notice shall identify the following:
 - i. The specific facts constituting the denial;
 - ii. A description of the respondent's right to request a hearing and to request an informal settlement conference; and
 - iii. A description of what the respondent may do if the respondent wishes to remedy the situation without appealing the Commission's decision.
8. A corporation, limited liability company, or labor organization that has received an exemption is exempt from the filing requirements of A.R.S. § 16-941(D) and A.R.S. § 16-958 and the civil penalties outlined in A.R.S. § 16-942, provided that the exempt entity, during the election cycle (a) remains in compliance with the reporting requirements of A.R.S. § 16-914.02 (A)-(J) and (b) remains in compliance with section part (2) of this subsection (F). All Commission rules and statutes related to enforcement apply to exempt entities. The Commission may audit these entities, any exempt entity pursuant to Article 4 of these rules.
9. Any person may file a complaint with the Commission alleging that (a) any corporation, limited liability company, or labor organization that has applied for or received an exemption under this subsection has provided false information in an application or violated the terms of the exemption stated in part (8) of this subsection (F); or (b) any person that has not applied for or received an exemption has violated A.R.S. § 16-941(D), § 16-958, or parts (1), (2), or (6) of this subsection (F). Complaints shall be processed as prescribed in Article 2 of these rules. If the Commission finds that a complaint is valid, the person complained of shall be liable as outlined in A.R.S. § 16-942(B) and part (3) of this subsection (F), in addition to any other penalties applicable pursuant to rule or statute.
10. Neither a form filed seeking an exemption pursuant to this subsection (F) nor a Clean Elections Act independent expenditure report filed as specified by A.R.S. § 16-9958 constitutes an admission that the filer is or should be considered a political committee. The grant of an exemption pursuant to this subsection (F) does not constitute a finding or determination that the filer is or should be considered a political committee.
11. Any entity that has been granted an exemption as of September 11, 2014 is deemed compliant with the requirements of subpart (5) of this subsection (F) for the election cycle ending in 2014.
12. No change
 - a. An entity shall not be found to be a political committee under A.R.S. § 16-901(20)(f) unless, a preponderance of the evidence establishes that during a two-year legislative election cycle, the total reportable contributions made by the entity plus the total reportable expenditures made by the entity exceeds both \$500 and fifty percent (50%) of the entity's total spending during the election cycle.
 - i. For purposes of this provision, a "reportable contribution" or "reportable expenditure" shall be limited to a contribution or expenditure, as defined in title 16 of the Arizona revised statutes, that must be reported to the Arizona secretary of state, the Arizona citizens clean elections commission, or local filing officer in Arizona. A contribution or expenditure that must be reported to the federal election commission or to the election authority of any other state, but not to the Arizona secretary of state, the Arizona citizens clean elections commission or a local filing officer in Arizona, shall not be considered a reportable contribution or reportable expenditure.
 - ii. For purposes of this provision, "total spending" shall not include volunteer time or fundraising and administrative expenses but shall include all other spending by the organization.



- iii. For purposes of this provision, grants to other organizations shall be treated as follows:
 - (1) A grant made to a political committee or an organization organized under section 527 of the internal revenue code shall be counted in total spending and as a reportable contribution or reportable expenditure, unless expressly designated for use outside Arizona or for federal elections, in which case such spending shall be counted in total spending but not as a reportable contribution or reportable expenditure.
 - (2) If the entity making a grant takes reasonable steps to ensure that the transferee does not use such funds to make a reportable contribution or reportable expenditure, such a grant shall be counted in total spending but not as a reportable contribution or reportable expenditure.
 - (3) If the entity making a grant earmarks the grant for reportable contributions or reportable expenditures, knows the grant will be used to make reportable contributions or reportable expenditures, knows that a recipient will likely use a portion of the grant to make reportable contributions or reportable expenditures, or responds to a solicitation for reportable contributions or reportable expenditures, the grant shall be counted in total spending and the relevant portion of the grant as set forth in subsection (v) of this section shall count as a reportable contribution or reportable expenditure.
- b. Notwithstanding subsections (2) and (3) the amount of a grant counted as a reportable contribution or reportable expenditure shall be limited to the lesser of the grant or the following:
 - i. The amount that the recipient organization spends on reportable contributions and reportable expenditures, plus
 - ii. The amount that the recipient organization gives to third parties but not more than the amount that such third parties fund reportable contributions or reportable expenditures.
 - iii. Notwithstanding subsection (a) above, the commission may nonetheless determine that an entity is not a political committee if, taking into account all the facts and circumstances of grants made by an entity, it is not persuaded that the preponderance of the evidence establishes that the entity is a political committee as defined in title 16 of Arizona Revised Statutes.

G. No change

NOTICES OF RULEMAKING DOCKET OPENING

This section of the *Arizona Administrative Register* contains Notices of Rulemaking Docket Opening.

A docket opening is the first part of the administrative rulemaking process. It is an “announcement” that the agency intends to work on its rules.

When an agency opens a rulemaking docket to consider rulemaking, the Administrative Procedure Act (APA) requires the publication of the Notice of Rulemaking Docket Opening.

Under the APA effective January 1, 1995, agencies must submit a Notice of Rulemaking Docket Opening before beginning the formal rulemaking process. Many times an agency may file the Notice of Rulemaking Docket Opening with the Notice of Proposed Rulemaking.

The Office of the Secretary of State is the filing office and publisher of these notices. Questions about the interpretation of this information should be directed to the agency contact person listed in item #4 of this notice.

NOTICE OF RULEMAKING DOCKET OPENING

DEPARTMENT OF ENVIRONMENTAL QUALITY AIR POLLUTION CONTROL

[R15-180]

- 1. Title and its heading:** 18, Environmental Quality
- Chapter and its heading:** 2, Department of Environmental Quality – Air Pollution Control
- Article and its heading:**
- 1, General
 - 2, Ambient Air Quality Standards; Area Designations; Classifications
 - 3, Permits and Permit Revisions
 - 4, Permit Requirements for New Major Sources and Major Modifications to Existing Major Sources
- Section numbers:** R18-2-101, R18-2-102, R18-2-201, R18-2-203, R18-2-217, R18-2-218, R18-2-301, R18-2-302, R18-2-302.01, R18-2-303, R18-2-304, R18-2-306, R18-2-306.01, R18-2-306.02, R18-2-307, R18-2-312, R18-2-319, R18-2-320, R18-2-324, R18-2-326, R18-2-327, R18-2-330, R18-2-332, R18-2-334, R18-2-401, R18-2-402, R18-2-403, R18-2-404, R18-2-405, R18-2-406, R18-2-407, R18-2-408, R18-2-410, R18-2-411, R18-2-412, R18-2-502, R18-2-503, R18-2-504, R18-2-507, R18-2-512, R18-2-513
Appendix 1 (*As part of the rulemaking, any other sections may be added, amended, or deleted as necessary.*)

2. The subject matter of the proposed rule:

The Arizona Department of Environmental Quality is considering amending its new source review (NSR) rules to remedy deficiencies identified by the Environmental Protection Agency (EPA) in its 2015 limited approval/limited disapproval of the state’s NSR program and to make other necessary changes. The amendments that would be included in this rulemaking are necessary to secure EPA’s approval of the rules as part of the state implementation plan (SIP) under the federal Clean Air Act.

This rulemaking would include revisions correcting technical deficiencies to the state’s major NSR program identified by EPA, as well as changes to ensure Arizona’s major NSR rules conform to current federal requirements. The changes would include updates to the Ozone and PM_{2.5} National Ambient Air Quality Standards (NAAQS) and application of Clean Air Act Title I, Part D, Subpart 4 requirements to PM_{2.5} nonattainment areas, as required by a 2013 decision by the United States Court of Appeals for the D.C. Circuit.

As required by EPA’s limited approval/limited disapproval of the state’s minor NSR program, the revisions would remove exemptions from public notice and comment requirements for sources that (1) are projected to result in criteria pollutant concentrations that are less than 75 percent of the NAAQS or (2) are installing reasonably available control technology based on the safe harbor provisions of the minor NSR rule (R18-2-334(D)(2)). The revisions would require public notice and comment for all source modifications subject to minor NSR as well as correcting technical deficiencies in the minor NSR program identified by EPA.

In addition, this action would amend the general permit rules in Article 5 to reflect minor NSR requirements, as well as the state’s new Web-based general permitting system and would streamline certain aspects of the permitting



process to ease regulatory burdens.

3. A citation to all published notices relating to the proceeding:

None

4. The name and address of agency personnel with whom persons may communicate regarding the rule:

Name: Steve Burr
Address: 1110 W. Washington St.
Phoenix, AZ 85007
Telephone: (602) 771-4251
Fax: (602) 771-2366
E-mail: sb5@azdeq.gov

5. The time during which the agency will accept written comments and the time and place where oral comments may be made:

To be announced in the Notice of Proposed Rulemaking.

6. A timetable for agency decisions or other action on the proceeding, if known:

To be announced in the Notice of Proposed Rulemaking.

NOTICES OF SUBSTANTIVE POLICY STATEMENT

The Administrative Procedure Act (APA) requires the publication of Notices of Substantive Policy Statement issued by agencies (A.R.S. § 41-1013(B)(14)).

Substantive policy statements are written expressions which inform the general public of an agency's current approach to rule or regulation practice.

Substantive policy statements are advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal

procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the APA.

If you believe that a substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under A.R.S. § 41-1033 for a review of the statement.

NOTICE OF SUBSTANTIVE POLICY STATEMENT

BOARD OF BEHAVIORAL HEALTH EXAMINERS

[M15-298]

1. **Title of the Substantive Policy Statement and the substantive policy statement number by which the substantive policy statement is referenced:**
Supervised Work Experience
2. **Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:**
April 4, 2003
3. **Summary of the contents of the substantive policy statement:**
The Board of Behavioral Health Examiners will consider the following criteria when determining whether to accept supervised work experience and clinical supervision for applicants:
The professional has entered into a written contract to provide services for a licensed behavioral health agency;
The professional has entered into a written contract to provide services for a non-licensed behavioral health entity;
The professional receives direct supervision from the agency or entity;
The professional provides the Board with documentation from the professional's direct supervisor of supervised work experience hours and months;
The professional provides the Board with contemporaneous documentation signed, dated and maintained by the professional's clinical supervisor, of the date, duration and subject matter of each hour of clinical supervision provided;
The professional is paid by the entity and receives no payment directly from clients;
Clients are advised in writing that they are clients of the supervising entity;
The professional is required to comply with the supervising entity's clinical policies and procedures, including its code of ethics and record-keeping procedures; and
All client records belong to the supervising entity and remain the supervising entity's property at the termination of the contract between the entity and the professional.
4. **Federal or state constitutional provision; federal or state statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:**
Not applicable
5. **A statement as to whether the substantive policy statement is a new statement or a revision:**
Revision – Rescind Substantive Policy Statement
6. **The agency contact person who can answer questions about the substantive policy statement:**
Name: Donna Dalton
Address: Board of Behavioral Health Examiners
3443 N. Central Ave., Ste 1700
Phoenix, AZ 85012
Telephone: (602) 542-1811
Fax: (602) 364-0890
E-mail: donna.dalton@azbbhe.us
Web site: www.azbbhe.us



7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

A person may obtain a copy of the substantive policy statement by contacting the individual listed in item 6, or visiting the Board's website at www.azbbhe.us.

NOTICE OF SUBSTANTIVE POLICY STATEMENT

BOARD OF BEHAVIORAL HEALTH EXAMINERS

[M15-299]

1. Title of the Substantive Policy Statement and the substantive policy statement number by which the substantive policy statement is referenced:

Marriage and Family Therapy Supervision

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:

February 8, 2003

3. Summary of the contents of the substantive policy statement:

A.A.C. R4-6-604(3) provides as follows: Supervision of an applicant shall be provided by an Arizona Certified Marriage and Family Therapist.

A.A.C. R4-6-604(5) provides as follows: An applicant may make a written request to the Marriage and Family Therapy Credentialing Committee for an exemption from the requirement of subsection (3). The Committee shall review the request to determine whether the proposed supervisor has the education, training, and experience to provide the supervision. If the proposed supervisor is qualified, the Committee shall grant the request for an exemption.

4. Federal or state constitutional provision; federal or state statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:

Not applicable

5. A statement as to whether the substantive policy statement is a new statement or a revision:

Revision – Rescind Substantive Policy Statement

6. The agency contact person who can answer questions about the substantive policy statement:

Name: Donna Dalton
 Address: Board of Behavioral Health Examiners
 3443 N. Central Ave., Ste 1700
 Phoenix, AZ 85012
 Telephone: (602) 542-1811
 Fax: (602) 364-0890
 E-mail: donna.dalton@azbbhe.us
 Web site: www.azbbhe.us

7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

A person may obtain a copy of the substantive policy statement by contacting the individual listed in item 6, or visiting the Board's website at www.azbbhe.us.

NOTICE OF SUBSTANTIVE POLICY STATEMENT

BOARD OF BEHAVIORAL HEALTH EXAMINERS

[M15-300]

1. Title of the Substantive Policy Statement and the substantive policy statement number by which the substantive policy statement is referenced:

Substance Abuse Counselor Supervision

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:

February 8, 2003

3. Summary of the contents of the substantive policy statement:

A.A.C. R4-6-704 provides as follows: Supervision of the work experience required for Substance Abuse Certification shall be provided by a Certified Substance Abuse Counselor or a behavioral health professional who has educa-



tion, training, and experience acceptable to the Substance Abuse Credentialing Committee.

4. Federal or state constitutional provision; federal or state statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:

Not applicable

5. A statement as to whether the substantive policy statement is a new statement or a revision:

Revision – Rescind Substantive Policy Statement

6. The agency contact person who can answer questions about the substantive policy statement:

Name: Donna Dalton
Address: Board of Behavioral Health Examiners
3443 N. Central Ave., Ste 1700
Phoenix, AZ 85012
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Fax: (602) 364-0890
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7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

A person may obtain a copy of the substantive policy statement by contacting the individual listed in item 6, or visiting the Board’s website at www.azbbhe.us.

NOTICE OF SUBSTANTIVE POLICY STATEMENT

BOARD OF BEHAVIORAL HEALTH EXAMINERS

[M15-301]

1. Title of the Substantive Policy Statement and the substantive policy statement number by which the substantive policy statement is referenced:

Social Work Supervision

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:

February 8, 2003

3. Summary of the contents of the substantive policy statement:

R4-6-404(B) provides as follows: Professional supervision of an applicant for Independent Social Work certification shall be provided by a Certified Independent Social Worker (CISW).

R4-6-404(D) provides as follows: Professional supervision may include both individual and group supervision. Group supervision hours shall not exceed individual supervision hours.

R4-6-404(E) provides as follows: An applicant may make a written request to the Social Work Credentialing Committee for an exemption from the requirements of subsections (B) or (D) or both. The Social Work Credentialing Committee shall review the request for exemption to determine whether the proposed supervisor has the necessary education, training, and experience to provide supervision acceptable for an Independent Social Work certificate. If the proposed supervisor has the necessary education, training, and experience, the Social Work Credentialing Committee shall grant the request for exemption. Exemptions to the supervision requirement shall not be granted retroactively for supervision received before the date of the request, unless approved by the Social Work Credentialing Committee on an individual basis.

4. Federal or state constitutional provision; federal or state statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:

Not applicable

5. A statement as to whether the substantive policy statement is a new statement or a revision:

Revision – Rescind Substantive Policy Statement

6. The agency contact person who can answer questions about the substantive policy statement:

Name: Donna Dalton
Address: Board of Behavioral Health Examiners
3443 N. Central Ave., Ste 1700
Phoenix, AZ 85012



Telephone: (602) 542-1811
 Fax: (602) 364-0890
 E-mail: donna.dalton@azbbhe.us
 Web site: www.azbbhe.us

7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

A person may obtain a copy of the substantive policy statement by contacting the individual listed in item 6, or visiting the Board's website at www.azbbhe.us.

NOTICE OF SUBSTANTIVE POLICY STATEMENT

BOARD OF BEHAVIORAL HEALTH EXAMINERS

[M15-302]

1. Title of the Substantive Policy Statement and the substantive policy statement number by which the substantive policy statement is referenced:

2006-01 Clinical Supervision Exemptions

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:

July 7, 2006

3. Summary of the contents of the substantive policy statement:

A.A.C. rules R4-6-404 (E)(4), R4-6-504 (E)(2), and R4-6-604(E)(2) advise an applicant for licensure as a Licensed Clinical Social Worker, a Licensed Professional Counselor, or a Licensed Marriage and Family Therapist, that beginning on July 1, 2006, their respective credentialing committees will not grant an exemption request for clinical supervision for a substance abuse counselor.

4. Federal or state constitutional provision; federal or state statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:

Not applicable

5. A statement as to whether the substantive policy statement is a new statement or a revision:

Revision – Rescind Substantive Policy Statement

6. The agency contact person who can answer questions about the substantive policy statement:

Name: Donna Dalton
 Address: Board of Behavioral Health Examiners
 3443 N. Central Ave., Ste 1700
 Phoenix, AZ 85012
 Telephone: (602) 542-1811
 Fax: (602) 364-0890
 E-mail: donna.dalton@azbbhe.us
 Web site: www.azbbhe.us

7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

A person may obtain a copy of the substantive policy statement by contacting the individual listed in item 6, or visiting the Board's website at www.azbbhe.us.

NOTICE OF SUBSTANTIVE POLICY STATEMENT

BOARD OF BEHAVIORAL HEALTH EXAMINERS

[M15-303]

1. Title of the Substantive Policy Statement and the substantive policy statement number by which the substantive policy statement is referenced:

2006-03 Clinical Supervision Observation

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:

November 3, 2006

3. Summary of the contents of the substantive policy statement:

A.A.C. Rule R4-6-212(G) provides that "Effective July 1, 2006, an applicant must receive a minimum of ten hours of clinical supervision obtained during direct observation or a review of audiotapes or videotapes by the clinical



supervisor of the applicant while the applicant is providing treatment and evaluation services to a client.”

4. Federal or state constitutional provision; federal or state statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:

Not applicable

5. A statement as to whether the substantive policy statement is a new statement or a revision:

Revision – Rescind Substantive Policy Statement

6. The agency contact person who can answer questions about the substantive policy statement:

Name: Donna Dalton
Address: Board of Behavioral Health Examiners
3443 N. Central Ave., Ste 1700
Phoenix, AZ 85012
Telephone: (602) 542-1811
Fax: (602) 364-0890
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Web site: www.azbbhe.us

7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

A person may obtain a copy of the substantive policy statement by contacting the individual listed in item 6, or visiting the Board’s website at www.azbbhe.us.

NOTICE OF SUBSTANTIVE POLICY STATEMENT

BOARD OF BEHAVIORAL HEALTH EXAMINERS

[M15-304]

1. Title of the Substantive Policy Statement and the substantive policy statement number by which the substantive policy statement is referenced:

2006-06 Clinical Supervisor Review of Documentation

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:

December 1, 2006

3. Summary of the contents of the substantive policy statement:

A.A.C. Rule R4-6-212(F)(7) provides that clinical supervision shall consist of monitoring of the supervisee’s clinical documentation through on-going compliance review to ensure that the supervisee maintains adequate clinical documentation.

4. Federal or state constitutional provision; federal or state statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:

Not applicable

5. A statement as to whether the substantive policy statement is a new statement or a revision:

Revision – Rescind Substantive Policy Statement

6. The agency contact person who can answer questions about the substantive policy statement:

Name: Donna Dalton
Address: Board of Behavioral Health Examiners
3443 N. Central Ave., Ste 1700
Phoenix, AZ 85012
Telephone: (602) 542-1811
Fax: (602) 364-0890
E-mail: donna.dalton@azbbhe.us
Web site: www.azbbhe.us

7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

A person may obtain a copy of the substantive policy statement by contacting the individual listed in item 6, or visiting the Board’s website at www.azbbhe.us.

**NOTICE OF SUBSTANTIVE POLICY STATEMENT****BOARD OF BEHAVIORAL HEALTH EXAMINERS**

[M15-305]

- 1. Title of the Substantive Policy Statement and the substantive policy statement number by which the substantive policy statement is referenced:**
2007-01 Supervised Work Experience and Clinical Supervision
- 2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:**
June 1, 2007
- 3. Summary of the contents of the substantive policy statement:**
A.A.C. Rules R4-6-403(A), R4-6-503(A), R4-6-603 and R4-6-705(A) and B, provide that an applicant shall complete a minimum of 3,200 hours of supervised work experience in no less than 24 months.
A.A.C. Rules R4-6-404(A) and (C), R4-6-504(A) and (C), R4-6-604(A) and (C), and R4-6-706(A) and (C), provide that during the period of supervised work experience an applicant shall receive a minimum of 100 hours of clinical supervision in no less than 24 months and that the time span shall be the same as that for the supervised work experience.
- 4. Federal or state constitutional provision; federal or state statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:**
Not applicable
- 5. A statement as to whether the substantive policy statement is a new statement or a revision:**
Revision – Rescind Substantive Policy Statement
- 6. The agency contact person who can answer questions about the substantive policy statement:**
Name: Donna Dalton
Address: Board of Behavioral Health Examiners
3443 N. Central Ave., Ste 1700
Phoenix, AZ 85012
Telephone: (602) 542-1811
Fax: (602) 364-0890
E-mail: donna.dalton@azbbhe.us
Web site: www.azbbhe.us
- 7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:**
A person may obtain a copy of the substantive policy statement by contacting the individual listed in item 6, or visiting the Board's website at www.azbbhe.us.

NOTICE OF SUBSTANTIVE POLICY STATEMENT**BOARD OF BEHAVIORAL HEALTH EXAMINERS**

[M15-306]

- 1. Title of the Substantive Policy Statement and the substantive policy statement number by which the substantive policy statement is referenced:**
2010-01 Requests for Extensions to Inactive Status
- 2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:**
April 2, 2010
- 3. Summary of the contents of the substantive policy statement:**
A.A.C. R4-6-305(H) provides that the credentialing committee may for "good cause" permit an already inactive license to remain on inactive status for one additional period not to exceed 24 months.

A.A.C. R4-6-209(B) provides that the Board shall consider the following to determine whether good cause has been established for purposes of deadline extensions:
 - a. Illness or disability;
 - b. Military service; or,
 - c. Any circumstance beyond the control of the individual requesting a deadline extension.



This substantive policy interprets the definition of “good cause” in A.A.C. R4-6-305(H) to rely on the definition found in A.A.C. R4-6-209(B).

4. Federal or state constitutional provision; federal or state statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:

Not applicable

5. A statement as to whether the substantive policy statement is a new statement or a revision:

Revision – Rescind Substantive Policy Statement

6. The agency contact person who can answer questions about the substantive policy statement:

Name: Donna Dalton
Address: Board of Behavioral Health Examiners
3443 N. Central Ave., Ste 1700
Phoenix, AZ 85012
Telephone: (602) 542-1811
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E-mail: donna.dalton@azbbhe.us
Web site: www.azbbhe.us

7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

A person may obtain a copy of the substantive policy statement by contacting the individual listed in item 6, or visiting the Board’s website at www.azbbhe.us.

**NOTICE OF SUBSTANTIVE POLICY STATEMENT
BOARD OF BEHAVIORAL HEALTH EXAMINERS**

[M15-307]

1. Title of the Substantive Policy Statement and the substantive policy statement number by which the substantive policy statement is referenced:

2010-02 Hiring a Clinical Supervisor from Outside the Applicant’s Employing Agency

2. Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:

July 9, 2010

3. Summary of the contents of the substantive policy statement:

A.A.C. R4-6-212 establishes the requirements for Clinical Supervision. This substantive policy establishes the criteria used for determining whether to accept Clinical Supervision hours provided by a Clinical Supervisor who was not employed by the same agency where the applicant acquired his/her supervised work experience.

4. Federal or state constitutional provision; federal or state statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:

Not applicable

5. A statement as to whether the substantive policy statement is a new statement or a revision:

Revision – Rescind Substantive Policy Statement

6. The agency contact person who can answer questions about the substantive policy statement:

Name: Donna Dalton
Address: Board of Behavioral Health Examiners
3443 N. Central Ave., Ste 1700
Phoenix, AZ 85012
Telephone: (602) 542-1811
Fax: (602) 364-0890
E-mail: donna.dalton@azbbhe.us
Web site: www.azbbhe.us

7. Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:

A person may obtain a copy of the substantive policy statement by contacting the individual listed in item 6, or visiting the Board’s website at www.azbbhe.us.



NOTICE OF SUBSTANTIVE POLICY STATEMENT

BOARD OF BEHAVIORAL HEALTH EXAMINERS

[M15-308]

1. **Title of the Substantive Policy Statement and the substantive policy statement number by which the substantive policy statement is referenced:**
2014-01 Clinical Supervisors providing Clinical Supervision in Another State to an Applicant for Arizona Licensure
2. **Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:**
October 2, 2014
3. **Summary of the contents of the substantive policy statement:**
A.A.C. R4-6-212(J) establishes the continuing education requirements for Clinical Supervision. This substantive policy establishes the criteria used for determining whether to accept Clinical Supervision hours provided by a Clinical Supervisor from another state for supervision earned by an applicant from out of state through an exemption request process.
4. **Federal or state constitutional provision; federal or state statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:**
Not applicable
5. **A statement as to whether the substantive policy statement is a new statement or a revision:**
Revision – Rescind Substantive Policy Statement
6. **The agency contact person who can answer questions about the substantive policy statement:**
Name: Donna Dalton
Address: Board of Behavioral Health Examiners
3443 N. Central Ave., Ste 1700
Phoenix, AZ 85012
Telephone: (602) 542-1811
Fax: (602) 364-0890
E-mail: donna.dalton@azbbhe.us
Web site: www.azbbhe.us
7. **Information about where a person may obtain a copy of the substantive policy statement and the costs for obtaining the policy statement:**
A person may obtain a copy of the substantive policy statement by contacting the individual listed in item 6, or visiting the Board's website at www.azbbhe.us.



GOVERNOR EXECUTIVE ORDERS

The Administrative Procedure Act (APA) requires the full-text publication of Governor Executive Orders.

With the exception of egregious errors, content (including spelling, grammar, and punctuation) of these orders has been reproduced as submitted.

In addition, the Register shall include each statement filed by the Governor in granting a commutation, pardon or reprieve, or stay or suspension of execution where a sentence of death is imposed.

Internal Review of Administrative Rules; Moratorium to Promote Job Creation and Customer-Service-Oriented Agencies

Editor's Note: This Executive Order is being reproduced in each issue of the Administrative Register until its expiration on December 31, 2015, as a notice to the public regarding state agencies' rulemaking activities.

[M15-02]

WHEREAS, Arizona has lost more jobs per capita than any other state and has yet to recover all of those jobs;

WHEREAS, burdensome regulations inhibit job growth and economic development;

WHEREAS, each agency of the State of Arizona should promote customer-service-oriented principles for the people that it serves;

WHEREAS, each State agency should undertake a critical and comprehensive review of its administrative rules and take action to reduce the regulatory burden, administrative delay, and legal uncertainty associated with government regulation;

WHEREAS, overly burdensome, antiquated, contradictory, redundant, and nonessential regulations should be repealed;

WHEREAS, Article 5, Section 4 of the Arizona Constitution and Title 41, Chapter 1, Article 1 of the Arizona Revised Statutes vests the executive power of the State of Arizona in the Governor;

NOW, THEREFORE, I, Douglas A. Ducey, by virtue of the authority vested in me by the Constitution and laws of the State of Arizona hereby declare the following:

- 1. A State agency, subject to this Order, shall not conduct any rulemaking except as permitted by this Order.
2. A State agency, subject to this Order, shall not conduct any rulemaking, whether informal or formal, without the prior written approval of the Office of the Governor. In seeking approval, a State agency shall address one or more of the following as justification for the rulemaking:
a. To fulfill an objective related to job creation, economic development, or economic expansion in this State.
b. To reduce or ameliorate a regulatory burden while achieving the same regulatory objective.
c. To prevent a significant threat to the public health, peace or safety.
d. To avoid violating a court order or federal law that would result in sanctions by a court or the federal government against an agency for failure to conduct the rulemaking action.
e. To comply with a federal statutory or regulatory requirement if such compliance is related to a condition for the receipt of federal funds or participation in any federal program.
f. To fulfill an obligation related to fees or any other action necessary to implement the State budget that is certified by the Governor's Office of Strategic Planning and Budgeting.
g. To promulgate a rule or other item that is exempt from Title 41, Chapter 6, Arizona Revised Statutes, pursuant to section 41-1005, Arizona Revised Statutes.
h. To address matters pertaining to the control, mitigation or eradication of waste, fraud, or abuse within an agency or wasteful, fraudulent, or abusive activities perpetrated against an agency.
3. Paragraphs 1 and 2 apply to all State agencies, except for: (a) any State agency that is headed by a single elected State official, (b) the Corporation Commission, or (c) any State agency whose agency head is not appointed by the Governor. Those State agencies to which Paragraphs 1 and 2 do not apply are strongly encouraged to voluntarily comply with this Order in the context of their own rulemaking processes.
4. Pursuant to Article 5, Section 4 of the Arizona Constitution and Arizona Revised Statutes Section 41-101(A)(1), the State agencies identified in Paragraph 3 must provide the Office of the Governor with a written report for each proposed rule 30 days prior to engaging in any rulemaking proceeding and must also provide the Office of the Governor with a written report within 15 days of any rulemaking. The reports required by this Paragraph shall explain, in detail, how the rulemaking advances the priorities and principles set forth in this Order.



5. No later than September 1, 2015, each State agency shall provide to the Office of the Governor an evaluation of their rules, with recommendations for which rules could be amended or repealed consistent with the priorities and principles set forth in this Order. The evaluation shall also include a summary of licensing time frames and describe how those time frames compare to real processing time, and whether or not they can be reduced. Additionally, each agency shall identify any existing licenses or permits in which a general permit could be used in lieu of an individual permit, pursuant to Arizona Revised Statutes Section 41-1037.
6. No later than July 1, 2015, each State agency shall provide to the Office of the Governor an update on divisions where electronic reporting and payment are not implemented and a suggested plan for how to implement this customer-service-oriented service.
7. This Order does not confer any legal rights upon any persons and shall not be used as a basis for legal challenges to rules, approvals, permits, licenses or other actions or to any inaction of a State agency. For the purposes of this Order, “person,” “rule” and “rulemaking” have the same meanings prescribed in Arizona Revised Statutes Section 41-1001.
8. This Executive Order expires on December 31, 2015.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona.

Douglas A. Ducey
G O V E R N O R

DONE at the Capitol in Phoenix on this fifth day of January in the year Two Thousand and Fifteen and of the Independence of the United States of America the Two Hundred and Thirty-ninth.

ATTEST:
Michele Reagan
Secretary of State



GOVERNOR PROCLAMATIONS

The Administrative Procedure Act (APA) requires the publication of Governor proclamations of general applicability, and ceremonial dedications issued by the Governor.

*** ARIZONA ADOPTION MONTH ***

[M15-330]

WHEREAS, the family, serving as the primary source of love, identity, self-esteem, and support, is the very foundation of our communities; and

WHEREAS, every child deserves the opportunity to grow up in a loving, stable family; and

WHEREAS, we recognize the generosity of foster and adoptive families who are providing hope and love to children of all ages and from every background, including teens and sibling groups who long to stay together; and

WHEREAS, adoptive parents have a special calling, serving as the primary source of love, identity, self-esteem and support for our children; and

WHEREAS, despite many adoption success stories, there are still many Arizona children in foster care with a case plan goal of adoption without an identified adoptive family; and

WHEREAS, Arizona’s future depends on today’s children and we are committed to helping children grow and develop to their full potential.

NOW, THEREFORE, I, Douglas A. Ducey, Governor of the State of Arizona, do hereby proclaim November 2015 as

*** ARIZONA ADOPTION MONTH ***

and call upon all Arizonans to observe the month of November 2015 with appropriate programs and activities to honor all foster and adoptive families and to participate in efforts to find permanent homes for children awaiting their adoptive placement.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona

**Douglas A. Ducey
GOVERNOR**

DONE at the Capitol in Phoenix on this nineteenth day of October in the year Two Thousand and Fifteen, and of the Independence of the United States of America the Two Hundred and Fortieth.

ATTEST:
**Michele Reagan
Secretary of State**

*** ARIZONA DIABETES AWARENESS MONTH ***

[M15-331]

WHEREAS, diabetes affects 29.1 million people – 9.3% of the population in the United States, and is a serious disease for which there is no known cure and which is the seventh leading cause of death by disease in the United States; and

WHEREAS, approximately one quarter of the Americans who have diabetes, 8.1 million (27.8%) of people, do not know they have the disease and may experience damage to the heart, eyes, kidneys, and limbs without producing any symptoms; and

WHEREAS, another 86 million, or 1 in 3 American adults, has pre-diabetes, a condition which puts them at greater risk for developing Type 2 diabetes, and if current trends continue, 1 in 3 American adults will have diabetes by 2050; and



WHEREAS, Type 1 diabetes (T1D) is an autoimmune disease in which a person's pancreas stops producing insulin, a hormone that enables people to get energy from food and occurs when the body's immune system attacks and destroys the insulin-producing cells in the pancreas, called beta cells. While its causes are not yet entirely understood, scientists believe that both genetic factors and environmental triggers are involved, its onset has nothing to do with diet or lifestyle and there is no prevention for T1D, and – at present – no cure; and

WHEREAS, T1D strikes both children and adults at any age and comes on suddenly, causing dependence on injected or pumped insulin for life, and carries the constant threat of devastating complications; and

WHEREAS, 1.25 million Americans are living with T1D including about 200,000 youth (less than 20 years old) and over a million adults (20 years old and older); 40,000 people are diagnosed each year in the United States; 5 million people in the United States are expected to have T1D by 2050, including nearly 600,000 youth; between 2001 and 2009, there was a 21% increase in the prevalence of T1D in people under age 20; \$14 billion T1D-associated annual healthcare costs in the United States; and

WHEREAS, diabetes has many faces, affecting everyone, young and old alike – Caucasians, African Americans, Latinos, Native Americans, Asian Americans and Pacific Islanders, with minority populations in the United States having an increased risk for developing the disease; and

WHEREAS, an increase in community awareness of risk factors and symptoms related to diabetes can improve the likelihood that people with diabetes will get the attention they need before suffering the devastating complications of the disease.

NOW, THEREFORE, I, Douglas A. Ducey, Governor of the State of Arizona, do hereby proclaim November 2015 as

*** ARIZONA DIABETES AWARENESS MONTH ***

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona

Douglas A. Ducey
G O V E R N O R

DONE at the Capitol in Phoenix on this nineteenth day of October in the year Two Thousand and Fifteen, and of the Independence of the United States of America the Two Hundred and Fortieth.

AATTEST:
Michele Reagan
Secretary of State

*** ARIZONA FAMILY CAREGIVER MONTH ***

[M15-332]

WHEREAS, each year the month of November is set aside to pay tribute to Arizona's family caregivers by recognizing the value of the service they provide; and

WHEREAS, family caregivers are the unacknowledged backbone of our long-term care system by providing over \$9 billion each year in unpaid daily assistance to manage health and personal care, enabling their loved ones to stay in the home longer; and

WHEREAS, family caregivers greatly improve the quality of life for their loved ones, spending an average of 20 hours per week providing care, with many caring for their loved ones around the clock; and

WHEREAS, individuals engaged in family caregiving need support as they face challenges affecting their own health, finances, and job security; and

WHEREAS, it is important for family caregivers to take a respite from their caregiving role in order to recharge and reduce caregiver stress and health risk; and

WHEREAS, family caregivers can be found throughout Arizona and their efforts reflect family and community values at the highest levels; and



WHEREAS, family caregivers deserve our lasting gratitude and respect.

NOW, THEREFORE, I, Douglas A. Ducey, Governor of the State of Arizona, do hereby proclaim November 2015 as

*** ARIZONA FAMILY CAREGIVER MONTH ***

and call on all citizens throughout Arizona to acknowledge the invaluable contributions made by family caregivers during this special month and throughout the year.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona

Douglas A. Ducey
G O V E R N O R

DONE at the Capitol in Phoenix on this nineteenth day of October in the year Two Thousand and Fifteen, and of the Independence of the United States of America the Two Hundred and Fortieth.

ATTEST:
Michele Reagan
Secretary of State

*** ARIZONA HOME CARE MONTH ***

[M15-333]

WHEREAS, home care services provide high quality and compassionate health care services to those in need, especially at times of community or personal health care crisis; and

WHEREAS, home care is the most preferred method of health care delivery among disabled, elderly, and chronically ill individuals eager to live independently in their own homes as long as they possibly can; and

WHEREAS, home care services allows families to stay together and provide for greater health, dignity and comfort in our communities; and

WHEREAS, home care in the United States is a growing alternative to hospitalization or other institution-based forms of health care for acute and chronic illnesses, providing care to millions of Americans each year; and

WHEREAS, thousands of everyday heroes, such as home care nurses, therapists and aides, work tirelessly to provide professional health and palliative care and support to millions of Americans in need of quality health services; and

WHEREAS, these dedicated home care professionals and volunteers form a support network that continues to play a vital role in health care delivery for our nation's disabled, infirm and aging population

WHEREAS, the Arizona Association for Home Care, the National Association for Home Care & Hospice, and thousands of home care agencies across the United States have declared the month of November 2015 as National Home Care Month and are calling on all Americans to observe these occasions with appropriate ceremonies and activities.

NOW, THEREFORE, I, Douglas A. Ducey, Governor of the State of Arizona, do hereby proclaim November 2015 as

*** ARIZONA HOME CARE MONTH ***

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona

Douglas A. Ducey
G O V E R N O R

DONE at the Capitol in Phoenix on this nineteenth day of October in the year Two Thousand and Fifteen, and of the Independence of the United States of America the Two Hundred and Fortieth.



ATTEST:
Michele Reagan
Secretary of State

*** COMPLEX REGIONAL PAIN SYNDROME AWARENESS DAY ***

[M15-334]

WHEREAS, Complex Regional Pain Syndrome (CRPS), also known as Reflex Sympathetic Dystrophy (RSD), is a chronic pain condition characterized by continuous, intense and often burning pain that is out of proportion to the severity of the original injury; and

WHEREAS, CRPS most often affects one of the arms, legs, hands, or feet; and

WHEREAS, symptoms can include changes in the skin color and temperature of the affected body part, as well as skin sensitivity, sweating and swelling; and

WHEREAS, there is no cure for CRPS and treatment is aimed at relieving painful symptoms; and

WHEREAS, the National Institute of Neurological Disorders and Stroke and other institutes of the National Institute of Health conduct research relating to CRPS; and

WHEREAS, on November 2, 2015, members of the CRPS/RSD community will be celebrating the second annual Color The World Orange Day to spread awareness of this poorly-understood pain disorder.

NOW, THEREFORE, I, Douglas A. Ducey, Governor of the State of Arizona, do hereby proclaim November 2, 2015 as

*** COMPLEX REGIONAL PAIN SYNDROME AWARENESS DAY ***

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona

Douglas A. Ducey
G O V E R N O R

DONE at the Capitol in Phoenix on this nineteenth day of October in the year Two Thousand and Fifteen, and of the Independence of the United States of America the Two Hundred and Fortieth.

ATTEST:
Michele Reagan
Secretary of State

*** ELEVATOR ESCALATOR SAFETY AWARENESS WEEK ***

[M15-335]

WHEREAS, the elevator industry greatly contributes to the quality of life for the citizens of Arizona; and

WHEREAS, November 8 - 14, 2015 has been declared National Elevator Escalator Safety Awareness Week; and

WHEREAS, the purpose of this week is to increase public awareness in the safe and proper use of elevators, escalators and moving walkways, helping reduce avoidable accidents with the goal of reducing preventable accidents; and

WHEREAS, this endeavor is worthy of support and cooperation to benefit citizens, the general public and the short range vertical transportation industry.

NOW, THEREFORE, I, Douglas A. Ducey, Governor of the State of Arizona, do hereby proclaim November 8 - 14, 2015 as

*** ELEVATOR ESCALATOR SAFETY AWARENESS WEEK ***

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona

Douglas A. Ducey



G O V E R N O R

DONE at the Capitol in Phoenix on this nineteenth day of October in the year Two Thousand and Fifteen, and of the Independence of the United States of America the Two Hundred and Fortieth.

ATTEST:

Michele Reagan
Secretary of State

*** GEOGRAPHY AWARENESS WEEK ***

[M15-336]

WHEREAS, the week of November 15 – 21, 2015 has been elected Geography Awareness Week; and

WHEREAS, the world is increasingly interconnected and interdependent, but too many students lack understanding of the world’s geography within and beyond our country’s borders; and

WHEREAS, Geography Awareness Week promotes geographic literacy and education in our nation’s schools and communities, which is an essential part of a 21st century education, and has been a congressionally-mandated week since 1987; and

WHEREAS, teachers, students, and communities across Arizona will gain further understanding about how our world is made up of interconnected human and natural systems, with special emphasis this year on the 2015 theme of exploration using resources developed by the National Geographic Society and other committed organizations during Geography Awareness Week and throughout the school year.

NOW, THEREFORE, I, Douglas A. Ducey, Governor of the State of Arizona, do hereby proclaim November 15 – 21, 2015 as

*** GEOGRAPHY AWARENESS WEEK ***

and I further encourage all citizens to participate in this special observance with students, sharing in their geographic research and academic achievement.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona

Douglas A. Ducey
G O V E R N O R

DONE at the Capitol in Phoenix on this fifth day of October in the year Two Thousand and Fifteen, and of the Independence of the United States of America the Two Hundred and Fortieth.

ATTEST:

Michele Reagan
Secretary of State

Governor of the State of Arizona
CALLING A FIRST SPECIAL SESSION
OF THE FIFTY-SECOND LEGISLATURE OF THE STATE OF ARIZONA

[M15-327]

By the power vested in me by the Arizona Constitution, Article IV, Part 2, Section 3, and Article V, Section 4, I, Douglas A. Ducey, Governor of the State of Arizona, call the Fifty-Second Legislature to meet in a first special session at the Capitol on the 28th Day of October, 2015 at 8:00 p.m.

The subject to be considered at the Special Session shall be proposed amendments to the Constitution of the State of Arizona and legislation relating to resolving the litigation styled *Cave Creek Unified School District, et al. v. DeWit, et al.* including:

1. Adjusting the annual distribution from the Permanent Land Endowment Trust Fund,
2. Resetting the base level defined by Arizona Revised Statutes, 15-901(B)(2),
3. Supplemental appropriations to the Fiscal Year 2015-2016 budget and appropriations to the Fiscal Years 2016-2017 through 2024-2025 state budgets,
4. Economic protections related to the General Fund and the Permanent Land Endowment Trust Fund, and



5. Authorizing a special election for the May 2016 consolidated election date.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona.
GOVERNOR

DONE at the Capitol in Phoenix on this twenty-eighth day of October in the Year Two Thousand and Fifteen and of the Independence of the United States of America the Two Hundred and Fortieth.

ATTEST:
Michele Reagan
Secretary of State

*** INTERNATIONAL EDUCATION WEEK ***

[M15-337]

WHEREAS, building and strengthening mutual understanding with our neighbors around the globe is important for peace and prosperity; and

WHEREAS, educating international students is an important way to impart cross-cultural understanding and to create a network of partners throughout the world; and

WHEREAS, several thousand international students from more than 100 countries are now studying in Arizona, and more than 1,000 Arizona students will study and volunteer abroad this year; and

WHEREAS, institutions of higher education in Arizona participate in a wide variety of exchange programs with similar institutions around the world, offering world-class opportunities for international education; and

WHEREAS, international education effectively trains and educates students for the globally competitive demands of the 21st century; and

WHEREAS, International Education Week was established as a joint initiative of the U.S. Department of State and the U.S. Department of Education as a way to promote international understanding in the United States and abroad; and

WHEREAS, during International Education Week, institutions of higher education will participate in activities celebrating and recognizing the importance of international education.

NOW, THEREFORE, I, Douglas A. Ducey, Governor of the State of Arizona, do hereby proclaim November 16 – 20, 2015 as

*** INTERNATIONAL EDUCATION WEEK ***

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona

Douglas A. Ducey
G O V E R N O R

DONE at the Capitol in Phoenix on this fifth day of October in the year Two Thousand and Fifteen and of the Independence of the United States of America the Two Hundred and Fortieth.

ATTEST:
Michele Reagan
Secretary of State

REGISTER INDEXES

The *Register* is published by volume in a calendar year (See “Information” in the front of each issue for a more detailed explanation).

Abbreviations for rulemaking activity in this Index include:

PROPOSED RULEMAKING

PN = Proposed new Section
PM = Proposed amended Section
PR = Proposed repealed Section
P# = Proposed renumbered Section

SUPPLEMENTAL PROPOSED RULEMAKING

SPN = Supplemental proposed new Section
SPM = Supplemental proposed amended Section
SPR = Supplemental proposed repealed Section
SP# = Supplemental proposed renumbered Section

FINAL RULEMAKING

FN = Final new Section
FM = Final amended Section
FR = Final repealed Section
F# = Final renumbered Section

SUMMARY RULEMAKING**PROPOSED SUMMARY**

PSMN = Proposed Summary new Section
PSMM = Proposed Summary amended Section
PSMR = Proposed Summary repealed Section
PSM# = Proposed Summary renumbered Section

FINAL SUMMARY

FSMN = Final Summary new Section
FSMM = Final Summary amended Section
FSMR = Final Summary repealed Section
FSM# = Final Summary renumbered Section

EXPEDITED RULEMAKING**PROPOSED EXPEDITED**

PEN = Proposed Expedited new Section
PEM = Proposed Expedited amended Section
PER = Proposed Expedited repealed Section
PE# = Proposed Expedited renumbered Section

SUPPLEMENTAL EXPEDITED

SPEN = Supplemental Proposed Expedited new Section
SPEM = Supplemental Proposed Expedited amended Section
SPER = Supplemental Proposed Expedited repealed Section
SPE# = Supplemental Proposed Expedited renumbered Section

FINAL EXPEDITED

FEN = Final Expedited new Section
FEM = Final Expedited amended Section
FER = Final Expedited repealed Section
FE# = Final Expedited renumbered Section

EXEMPT RULEMAKING**EXEMPT PROPOSED**

PXN = Proposed Exempt new Section
PXM = Proposed Exempt amended Section
PXR = Proposed Exempt repealed Section
PX# = Proposed Exempt renumbered Section

EXEMPT SUPPLEMENTAL PROPOSED

SPXN = Supplemental Proposed Exempt new Section
SPXR = Supplemental Proposed Exempt repealed Section
SPXM = Supplemental Proposed Exempt amended Section
SPX# = Supplemental Proposed Exempt renumbered Section

FINAL EXEMPT RULMAKING

FXN = Final Exempt new Section
FXM = Final Exempt amended Section
FXR = Final Exempt repealed Section
FX# = Final Exempt renumbered Section

EMERGENCY RULEMAKING

EN = Emergency new Section
EM = Emergency amended Section
ER = Emergency repealed Section
E# = Emergency renumbered Section
EEXP = Emergency expired

RECODIFICATION OF RULES

RC = Recodified

REJECTION OF RULES

RJ = Rejected by the Attorney General

TERMINATION OF RULES

TN = Terminated proposed new Sections
TM = Terminated proposed amended Section
TR = Terminated proposed repealed Section
T# = Terminated proposed renumbered Section

RULE EXPIRATIONS

EXP = Rules have expired

See also “emergency expired” under emergency rulemaking

CORRECTIONS

C = Corrections to Published Rules

**2015 Arizona Administrative Register
Volume 21 Page Guide**

Issue 1, Jan. 2, 2015.....1-46	Issue 18, May1, 2015.....607-632	Issue 35, Aug. 28, 2015.....1671-1760
Issue 2, Jan. 9, 2015 47-112	Issue 19, May 8, 2015.....633-666	Issue 36, Sept. 4, 2015.....1761-1810
Issue 3, Jan. 16, 2015..... 113-152	Issue 20, May 15, 2015.....667-706	Issue 37, Sept. 11, 2015.....1811-1882
Issue 4, Jan. 23, 2015 153-172	Issue 21, May 22, 2015.....707-742	Issue 38, Sept. 18, 2015.....1883-2004
Issue 5, Jan. 30, 2015 173-196	Issue 22, May 29, 2015.....743-774	Issue 39, Sept. 25, 2015.....2005-2104
Issue 6, Feb. 6, 2015.....197-228	Issue 23, June 5, 2015.....775-818	Issue 40, Oct. 2, 2015.....2105-2276
Issue 7, Feb. 13, 2015.....229-262	Issue 24, June 12, 2015.....819-864	Issue 41, Oct. 9, 2015.....2277-2340
Issue 8, Feb. 20, 2015.....263-284	Issue 25, June 19, 2015.....865-916	Issue 42, Oct. 16, 2015.....2341-2440
Issue 9, Feb. 27, 2015.....285-320	Issue 26, June 26, 2015.....917-954	Issue 43, Oct. 23, 2015.....2441-2502
Issue 10, March 6, 2015.....321-374	Issue 27, July 3, 2015.....955-996	Issue 44, Oct. 30, 2015.....2503-2592
Issue 11, March 13, 2015.....375-406	Issue 28, July 10, 2015.....997-1072	Issue 45, Nov. 6, 2015.....2593-2706
Issue 12, March 20, 2015.....407-432	Issue 29, July 17, 2015.....1073-1146	Issue 46, Nov. 13, 2015.....2707-2808
Issue 13, March 27, 2015.....433-482	Issue 30, July 24, 2015.....1147-1220	Issue 47, Nov. 20, 2015.....2809-2966
Issue 14, April 3, 2015.....483-516	Issue 31, July 31, 2015.....1221-1457	Issue 48, Nov. 27, 2015.....2967-3012
Issue 15, April 10, 2015.....517-538	Issue 32, Aug. 7, 2015.....1458-1520	Issue 49, Dec. 4, 2015.....3013-3112
Issue 16, April 17, 2015.....539-566	Issue 33, Aug. 14, 2015.....1521-1622	
Issue 17, April 24, 2015.....567-606	Issue 34, Aug. 21, 2015.....1623-1670	

RULEMAKING ACTIVITY INDEX

Rulemakings are listed in the Index by Chapter, Section number, rulemaking activity abbreviation and by volume page number. Use the page guide above to determine the *Register* issue number to review the rule. Headings for the Subchapters, Articles, Parts, and Sections are not indexed.

THIS INDEX INCLUDES RULEMAKING ACTIVITY THROUGH ISSUE 49 OF VOLUME 21.

Agriculture, Department of - Agricultural Councils and Commissions	R9-22-202.	FM-1225	R4-6-202.	FXR-2630
R3-9-601. FXM-3082	R9-22-712.05.	PM-1815	R4-6-203.	FXM-2630
Agriculture, Department of - Animal Services Division	R9-22-712.07.	PM-1768	R4-6-204.	FXR-2630
R3-2-203. FXM-2404	R9-22-730.	PXM-5;	R4-6-205.	FXM-2630
R3-2-701. FXM-2404		PXM-491;	R4-6-206.	FXM-2630
R3-2-801. FXM-2407		FXM-637;	R4-6-207.	FXM-2630
R3-2-810. FXM-2404		PXM-1041;	R4-6-208.	FXM-2630
R3-2-811. FXM-2407		FXM-1486	R4-6-209.	FXM-2630
Agriculture, Department of - Environmental Services Division	R9-22-1001.	FM-1237	R4-6-210.	FXR-2630;
R3-3-101. PM-2345	R9-22-1002.	FM-1237		FXN-2630
Table 1. PM-2345	R9-22-1003.	FM-1237	R4-6-211.	FXM-2630
R3-3-201. PM-2345	R9-22-1202.	FM-1225	R4-6-212.	FXM-2630
R3-3-202. PM-2345	R9-22-1301.	PM-823;	R4-6-212.01.	FXN-2630
R3-3-208. PM-2345		FM-2022	R4-6-213.	FX#-2630;
R3-3-305. PM-2345	R9-22-1303.	PM-823;		FXN-2630
R3-3-401. PM-2345		FM-2022	R4-6-214.	FX#-2630;
R3-3-402. PM-2345	R9-22-1304.	PM-823;		FXN-2630
R3-3-502. PM-2345		FM-2022	R4-6-215.	FX#-2630;
Agriculture, Department of - Office of Commodity Development and Promotion	R9-22-1431.	FR-1241		FXM-2630
R3-6-102. FXM-2412	Arizona Health Care Cost Containment System - Arizona Long-term Care System		R4-6-216.	FX#-2630;
Agriculture, Department of - Plant Services Division	R9-28-202.	PM-487;	R4-6-301.	FXM-2630
R3-4-301. FXM-2410		FM-1243	Table 1.	FXM-2630
Arizona Health Care Cost Containment System - Administration	R9-28-206.	PM-487;	R4-6-302.	FXM-2630
		FM-1243	R4-6-303.	FXR-2630
	Behavioral Health Examiners, Board of		R4-6-304.	FXM-2630
	R4-6-101.	FXM-2630	R4-6-305.	FXM-2630
	R4-6-201.	FXM-2630	R4-6-306.	FXM-2630

R2-20-111.	PXM-787; FXM-1631	R4-11-1701.	PM-671; FM-2971	R7-2-611.	FXM-2056
R2-20-113.	PXN-789; FXM-1633	Economic Security, Department of - State Assistance Programs		R7-2-612.	FXM-2063
R2-20-204.	PXM-790; FXM-1634	R6-13-201.	EXP-157	R7-2-613.	FXM-2073
R2-20-205.	PXM-831; FXM-1636	R6-13-202.	EXP-157	R7-2-614.	FXM-2073
R2-20-206.	PXM-792; FXM-1638; PXM-1981	R6-13-203.	EXP-157	R7-2-617.	FXM-2077
R2-20-208.	PXM-1772; PXM-1822; PXM-1983	R6-13-204.	EXP-157	R7-2-701.	FXM-1775
R2-20-223.	FXM-2921	R6-13-205.	EXP-157	R7-2-703.	FXM-1775
R2-20-402.01.	PXM-833; FXM-1640	R6-13-206.	EXP-157	R7-2-809.	FXN-1784
R2-20-703.	PXM-834; FXM-1641	R6-13-207.	EXP-157	R7-2-1001.	FXM-1525
R2-20-704.	PXM-836; FXM-1643	R6-13-208.	EXP-157	R7-2-1002.	FXM-1491; FXM-1525
Collateral Pool, Statewide		R6-13-209.	EXP-157	R7-2-1003.	FXM-1525
R2-14-101.	FN-233	R6-13-210.	EXP-157	R7-2-1004.	FXM-1525
R2-14-102.	FN-233	R6-13-211.	EXP-157	R7-2-1005.	FXM-1525
R2-14-103.	FN-233	R6-13-212.	EXP-157	R7-2-1006.	FXM-1525
R2-14-104.	FN-233	R6-13-213.	EXP-157	R7-2-1007.	FXM-1525
R2-14-105.	FN-233	R6-13-214.	EXP-157	R7-2-1008.	FXR-1525; FXN-1525
R2-14-106.	FN-233	R6-13-215.	EXP-157	R7-2-1009.	FXR-1525
R2-14-107.	FN-233	R6-13-216.	EXP-157	R7-2-1010.	FXM-1525
R2-14-108.	FN-233	R6-13-302.	EXP-157	R7-2-1011.	FXN-1525
R2-14-109.	FN-233	R6-13-303.	EXP-157	R7-2-1012.	FXN-1525
Contractors, Registrar of		R6-13-304.	EXP-157	R7-2-1013.	FXN-1525
R4-9-102.	PM-2507	R6-13-305.	EXP-157	R7-2-1014.	FXN-1525
Corporation Commission - Fixed Utili- ties		R6-13-306.	EXP-157	R7-2-1015.	FXN-1525
R14-2-1805.	FM-379	R6-13-308.	EXP-157	R7-2-1016.	FXN-1525
R14-2-1812.	FM-379	R6-13-309.	EXP-157	R7-2-1018.	FXN-1525
Corporation Commission - Transporta- tion		R6-13-310.	EXP-157	R7-2-1021.	FXM-1525
R14-5-202.	PM-674	R6-13-311.	EXP-157	R7-2-1022.	FXM-1525
R14-5-203.	PM-674	R6-13-312.	EXP-157	R7-2-1023.	FXM-1525
R14-5-204.	PM-674	R6-13-313.	EXP-157	R7-2-1024.	FXM-1525
R14-5-205.	PM-674	R6-13-314.	EXP-157	R7-2-1025.	FXM-1525
R14-5-207.	PM-674	R6-13-314.01.	EXP-157	R7-2-1026.	FXM-1525
Cosmetology, Board of		R6-13-317.	EXP-157	R7-2-1027.	FXM-1525
R4-10-102.	PM-1765	R6-13-318.	EXP-157	R7-2-1028.	FXM-1525
R4-10-107.	PM-1765	R6-13-319.	EXP-157	R7-2-1029.	FXM-1525
R4-10-110.	PM-1765	R6-13-320.	EXP-157	R7-2-1030.	FXM-1525
Dental Examiners, State Board of		R6-13-321.	EXP-157	R7-2-1031.	FXM-1525
R4-11-201.	PM-1887	R6-13-1201.	EXP-157	R7-2-1032.	FXM-1525
R4-11-202.	PM-1887	R6-13-1202.	EXP-157	R7-2-1033.	FXM-1525
R4-11-203.	PM-1887	R6-13-1203.	EXP-157	R7-2-1035.	FXM-1525
R4-11-204.	PM-1887	R6-13-1204.	EXP-157	R7-2-1036.	FXM-1525
R4-11-205.	PM-1887	R6-13-1206.	EXP-157	R7-2-1037.	FXM-1525
R4-11-301.	PM-1887	R6-13-1209.	EXP-157	R7-2-1041.	FXM-1525
R4-11-302.	PR-1887	R6-13-1210.	EXP-157	R7-2-1042.	FXM-1525
R4-11-303.	PM-1887	R6-13-1211.	EXP-157	R7-2-1044.	FXM-1525
R4-11-304.	PM-1887	R6-13-1212.	EXP-157	R7-2-1045.	FXM-1525
R4-11-305.	PM-1887	Education, State Board of		R7-2-1046.	FXM-1525
R4-11-1202.	FM-921	R7-2-205.	FXM-1775	R7-2-1047.	FXM-1525
		R7-2-301.	FXM-1778	R7-2-1048.	FXM-1525
		R7-2-302.	FXM-1778	R7-2-1049.	FXM-1525
		R7-2-307.	FXM-1781	R7-2-1050.	FXM-1525
		R7-2-308.	FXM-1781	R7-2-1053.	FXM-1525
		R7-2-604.	FXM-2047	R7-2-1055.	FXM-1525
		R7-2-604.01.	FXM-2047	R7-2-1056.	FXM-1525
		R7-2-604.02.	FXM-2047	R7-2-1057.	FXM-1525
		R7-2-604.03.	FXM-2047	R7-2-1058.	FXM-1525
		R7-2-604.04.	FXM-2047	R7-2-1061.	FXM-1525
		R7-2-607.	FXM-2054	R7-2-1062.	FXM-1525
		R7-2-610.	FXM-2054	R7-2-1063.	FXM-1525

R7-2-1066.	FXM-1525	R7-2-1151.	FXM-1525	R18-2-901.	FEM-2747
R7-2-1067.	FXR-1525; FXN-1525	R7-2-1152.	FXM-1525	R18-2-1101.	FEM-2747
R7-2-1068.	FXM-1525	R7-2-1153.	FXM-1525	Appendix 2.	FEM-2747
R7-2-1069.	FXN-1525	R7-2-1155.	FXM-1525	Environmental Quality, Department of	
R7-2-1070.	FXN-1525	R7-2-1156.	FXM-1525	- Hazardous Waste Management	
R7-2-1073.	FXM-1525	R7-2-1157.	FXM-1525	R18-8-260.	FM-1246
R7-2-1074.	FXM-1525	R7-2-1158.	FXM-1525	R18-8-261.	FM-1246
R7-2-1075.	FXM-1525	R7-2-1159.	FXM-1525	R18-8-262.	FM-1246
R7-2-1076.	FXM-1525	R7-2-1161.	FXM-1525	R18-8-263.	FM-1246
R7-2-1078.	FXM-1525	R7-2-1164.	FXM-1525	R18-8-264.	FM-1246
R7-2-1079.	FXM-1525	R7-2-1165.	FXM-1525	R18-8-265.	FM-1246
R7-2-1080.	FXM-1525	R7-2-1167.	FXM-1525	R18-8-266.	FM-1246
R7-2-1081.	FXM-1525	R7-2-1168.	FXM-1525	R18-8-268.	FM-1246
R7-2-1083.	FXM-1525	R7-2-1169.	FXM-1525	R18-8-270.	FM-1246
R7-2-1084.	FXM-1525	R7-2-1170.	FXM-1525	R18-8-271.	FM-1246
R7-2-1085.	FXM-1525	R7-2-1181.	FXM-1525	R18-8-273.	FM-1246
R7-2-1086.	FXM-1525	R7-2-1182.	FXM-1525	Environmental Quality, Department of	
R7-2-1087.	FXN-1525	R7-2-1183.	FXM-1525	- Permit and Compliance Fees	
R7-2-1091.	FXR-1525	R7-2-1184.	FXM-1525	R18-14-301.	FN-2597
R7-2-1092.	FXR-1525; FXN-1525	R7-2-1185.	FXM-1525	R18-14-302.	FN-2597
R7-2-1093.	FXM-1525	R7-2-1191.	FXM-1525	R18-14-303.	FN-2597
R7-2-1100.	FXN-1525	R7-2-1192.	FXM-1525	Environmental Quality, Department of	
R7-2-1101.	FXM-1525	R7-2-1194.	FXM-1525	- Safe Drinking Water	
R7-2-1102.	FXM-1525	R7-2-1194.	FXM-1525	R18-4-102.	PM-2286
R7-2-1103.	FXM-1525	R7-2-1195.	FXM-1525	R18-4-103.	PM-2286
R7-2-1104.	FXM-1525	R7-2-1196.	FXN-1525	R18-4-105.	PM-2286
R7-2-1105.	FXM-1525	Emergency and Military Affairs,		R18-4-121.	PM-2286
R7-2-1106.	FXN-1525	Department of - Division of Emergency		R18-4-126.	PN-2286
R7-2-1107.	FXN-1525	Management		R18-4-210.	PM-2286
R7-2-1108.	FXN-1525	R8-2-101.	PM-1151; FM-3021	Environmental Quality, Department of	
R7-2-1109.	FXM-1525	R8-2-102.	PM-1151; FM-3021	- Water Pollution Control	
R7-2-1110.	FXM-1525	R8-2-103.	PM-1151; FM-3021	R18-9-704.	PM-3017
R7-2-1111.	FXM-1525	R8-2-104.	PM-1151; FM-3021	R18-9-1002.	FM-751
R7-2-1112.	FXM-1525	R8-2-104.	PM-1151; FM-3021	R18-9-1015.	FM-751
R7-2-1113.	FXM-1525	R8-2-105.	PM-1151; FM-3021	Environmental Quality, Department of	
R7-2-1114.	FXM-1525	Environmental Quality, Department of		- Water Quality Standards	
R7-2-1115.	FXM-1525	- Air Pollution Control		R18-11-106.	PM-1895; TM-1986
R7-2-1116.	FXR-1525	R18-2-210.	FXM-1156	R18-11-109.	PM-1895; TM-1986
R7-2-1117.	FXM-1525	R18-2-333.	FEM-2747	R18-11-110.	PM-1895; TM-1986
R7-2-1118.	FXM-1525	R18-2-610.	FXM-1156	R18-11-112.	PM-1895; TM-1986
R7-2-1119.	FXR-1525; FXN-1525	R18-2-610.01.	FXM-1156	R18-11-115.	PM-1895; TM-1986
R7-2-1120.	FXM-1525	R18-2-610.02.	FXN-1156	R18-11-121.	PM-1895; TM-1986
R7-2-1121.	FXM-1525	R18-2-610.03.	FXN-1156	Appendix A.	PM-1895; TM-1986
R7-2-1122.	FXM-1525	R18-2-611.	FXM-1156	Appendix B.	PM-1895; TM-1986
R7-2-1123.	FXM-1525	R18-2-611.01.	FXM-1156	Appendix C.	PM-1895; TM-1986
R7-2-1125.	FXM-1525	R18-2-611.02.	FXN-1156	<i>Editor's Note: The terminated</i>	
R7-2-1131.	FXM-1525	R18-2-611.03.	FXN-1156	<i>rulemaking action (TM) notated in the</i>	
R7-2-1141.	FXM-1525	R18-2-612.	FXR-1156; FXN-1156	<i>above sections is in reference to the Notice</i>	
R7-2-1142.	FXM-1525	R18-2-612.01.	FXN-1156	<i>of Proposed Rulemaking published at 20</i>	
R7-2-1143.	FXM-1525	R18-2-613.	FXR-1156; FXN-1156	<i>A.A.R. 3590, December 26, 2014.</i>	
R7-2-1144.	FXM-1525	R18-2-613.01.	FXN-1156	Examiners of Nursing Care Institution	
R7-2-1145.	FXM-1525	Appendix 2.	FXM-1156	Administrators and Assisted Living	
R7-2-1146.	FXM-1525	R18-2-701.	FM-711		
R7-2-1147.	FXM-1525	R18-2-733.	FR-711		
R7-2-1148.	FXM-1525	R18-2-733.01.	FR-711		
R7-2-1149.	FXM-1525	R18-2-734.	FM-711		
R7-2-1150.	FXM-1525				

R20-5-1308.	PN-2739	R4-16-203.	FXM-2678	R4-18-206.	PM-201;
R20-5-1309.	PN-2739	R4-16-204.	FXR-2678		FM-2009
R20-5-1310.	PN-2739	R4-16-205.	FXM-2678	R4-18-207.	PN-201;
R20-5-1311.	PN-2739	R4-16-205.1.	FXN-2678		FN-2009
R20-5-1312.	PN-2739	R4-16-206.	FXM-2678	R4-18-208.	PN-201;
Insurance, Department of		R4-16-207.	FXR-2678		FN-2009
R20-6-1101.	PM-2401	Table 1.	FXM-2678	R4-18-209.	PN-201;
R20-6-1401.	FXM-54	Peace Officer Standards Training,			FN-2009
R20-6-1402.	FXM-54	Board, Arizona		R4-18-501.	PM-201;
R20-6-1403.	FXM-54	R13-4-101.	PM-2711		FM-2009
R20-6-1404.	FXM-54	R13-4-102.	PM-2711	R4-18-502.	PM-201;
R20-6-1405.	FXM-54	R13-4-103.	PM-2711		FM-2009
R20-6-1406.	FXM-54	R13-4-104.	PM-2711	R4-18-904.	EM-51;
R20-6-1407.	FXM-54	R13-4-105.	PM-2711		EM-928;
R20-6-1408.	FXR-54;	R13-4-106.	PM-2711		FM-2009
	FXN-54	R13-4-107.	PM-2711	Power Authority, Arizona	
R20-6-1409.	FXN-54	R13-4-108.	PM-2711	R12-14-602.	FR-297
R20-6-1410.	FXN-54	R13-4-109.	PM-2711	R12-14-603.	FN-297
Appendix A.	FXM-54	R13-4-109.01.	PM-2711	R12-14-604.	FN-297
Appendix B.	FXM-54	R13-4-110.	PM-2711	R12-14-605.	FN-297
Appendix C.	FXM-54	R13-4-111.	PM-2711	R12-14-606.	FN-297
Appendix D.	FXM-54	R13-4-112.	PM-2711	R12-14-607.	FN-297
Appendix E.	FX#-54;	R13-4-114.	PM-2711	R12-14-608.	FN-297
	FXM-54;	R13-4-116.	PM-2711	R12-14-609.	FN-297
	FXN-54	R13-4-117.	PM-2711	R12-14-610.	FN-297
Appendix F.	FXN-54	R13-4-118.	PM-2711	R12-14-611.	FN-297
Appendix G.	FX#-54;	R13-4-201.	PM-2711	R12-14-612.	FN-297
	FXM-54;	R13-4-202.	PM-2711	R12-14-613.	FN-297
	FXN-54	R13-4-203.	PM-2711	R12-14-614.	FN-297
R20-6-1601.	FXM-2448	R13-4-204.	PM-2711	R12-14-615.	FN-297
R20-6-1602.	FX#-2448;	R13-4-205.	PM-2711	R12-14-616.	FN-297
	FXN-2448	R13-4-206.	PM-2711	R12-14-617.	FN-297
R20-6-1603.	FX#-2448;	R13-4-208.	PM-2711	R12-14-618.	FN-297
	FXN-2448	Pest Management, Office of		R12-14-619.	FN-297
R20-6-1604.	FX#-2448;	R4-29-102.	FM-451	R12-14-620.	FN-297
	FXN-2448	R4-29-103.	FM-451	R12-14-621.	FN-297
R20-6-1605.	FX#-2448;	R4-29-202.	FM-451	R12-14-622.	FN-297
	FXN-2448	R4-29-203.	FM-451	R12-14-623.	FN-297
R20-6-1606.	FX#-2448;	R4-29-204.	FM-451	R12-14-624.	FN-297
	FXN-2448	R4-29-207.	FM-451	R12-14-625.	FN-297
R20-6-1607.	FX#-2448;	R4-29-208.	FM-451	R12-14-626.	FN-297
	FXM-2448	R4-29-304.	FM-451	R12-14-627.	FN-297
R20-6-1608.	FX#-2448;	R4-29-307.	FM-451	R12-14-628.	FN-297
	FXM-2448	R4-29-308.	FM-451	R12-14-629.	FN-297
R20-6-1609.	FX#-2448;	R4-29-501.	FM-451	R12-14-630.	FN-297
	FXM-2448	R4-29-503.	FM-451	R12-14-631.	FN-297
R20-6-1610.	FX#-2448	Physical Therapy, Board of		R12-14-632.	FN-297
R20-6-1611.	FX#-2448;	R4-24-208.	FXM-924	Public Safety, Department of - Con-	
	FXM-2448	R4-24-313.	FXN-924	cealed Weapons Permits	
R20-6-1612.	FX#-2448;	Physicians Medical Board, Naturo-		R13-9-302.	EXP-795
	FXM-2448	pathic		R13-9-305.	EXP-795
Exhibit A.	FXM-2448	R4-18-101.	PM-201;	R13-9-307.	EXP-795
Exhibit B.	FXR-2448;		FM-2009	R13-9-308.	EXP-795
	FXN-2448	R4-18-107.	PM-201;	R13-9-309.	EXP-795
Exhibit C.	FXN-2448		FM-2009	R13-9-310.	EXP-795
Exhibit D.	FXN-2448	R4-18-202.	PM-201;	Public Safety, Department of - School	
Medical Board, Arizona			FM-2009	Buses	
R4-16-201.	FXM-2678	R4-18-203.	PM-201;	R13-13-105.	PM-1461
R4-16-201.1.	FXN-2678		FM-2009	R13-13-106.	PM-1461
R4-16-202.	FXM-2678	R4-18-204.	PM-201;	R13-13-107.	PM-1461
			FM-2009	R13-13-108.	PM-1461

Racing Commission, Arizona	R12-2-104.	FR-573;	R2-8-126.	PM-959; PM-2281;
R19-2-205.	FXM-640	FN-573		FM-2515
R19-2-401.	FXM-643	FR-573;	R2-8-401.	PM-959;
Radiation Regulatory Agency		FN-573		FM-2515
R12-1-102.	PM-2357	FR-573;	R2-8-501.	PM-959;
R12-1-303.	PM-2357	FN-573		FM-2515
R12-1-306.	PM-2357	FR-573;	R2-8-601.	PM-959;
R12-1-308.	PM-2357	FN-573		FM-2515
R12-1-311.	PM-2357	FR-573;	R2-8-701.	PM-959;
R12-1-313.	PM-2357	FN-573		FM-2515
R12-1-320.	PM-2357	FR-573;		
R12-1-323.	PM-2357	FN-573		
R12-1-418.	PM-2357	FR-573;	Revenue, Department of - General Administration	
R12-1-452.	PM-2357	FN-573	R15-10-108.	EXP-1197
R12-1-503.	PM-2357	FR-573;	R15-10-109.	EXP-1197
R12-1-703.	PM-2357	FN-573	R15-10-118.	EXP-1197
R12-1-1215.	FM-289	FR-573	R15-10-202.	EXP-1197
Table A.	FM-289	FR-573;	R15-10-702.	EN-1830
R12-1-1302.	FM-289;	FN-573	R15-10-703.	EN-1830
	PM-2357	FN-573	R15-10-704.	EN-1830
R12-1-1306.	FM-289	FR-573	R15-10-706.	EN-1830
R12-1-1512.	PM-2357	FN-573	Revenue, Department of - Income and Withholding Tax Section	
R12-1-1901.	PN-2357	FR-573	R15-2C-202.	EXP-465
R12-1-1903.	PN-2357	FR-573;	R15-2C-204.	EXP-465
R12-1-1905.	PN-2357	FN-573	Secretary of State, Office of	
R12-1-1907.	PN-2357	FR-573;	R1-1-101.	FM-117
R12-1-1909.	PN-2357	FN-573	R1-1-103.	FM-117
R12-1-1911.	PN-2357	FR-573;	R1-1-104.	FM-117
R12-1-1921.	PN-2357	FN-573	R1-1-105.	FM-117
R12-1-1923.	PN-2357	FR-573;	R1-1-106.	FM-117
R12-1-1925.	PN-2357	FN-573	R1-1-107.	FM-117
R12-1-1927.	PN-2357	FR-573;	R1-1-109.	FM-117
R12-1-1929.	PN-2357	FN-573	R1-1-110.	FM-117
R12-1-1931.	PN-2357	FR-573;	R1-1-114.	FM-117
R12-1-1933.	PN-2357	FN-573	R1-1-202.	FM-117
R12-1-1941.	PN-2357	FR-573	R1-1-205.	FM-117
R12-1-1943.	PN-2357	FR-573	R1-1-211.	FM-117
R12-1-1945.	PN-2357	FR-573	R1-1-302.	FM-117
R12-1-1947.	PN-2357	FR-573	R1-1-401.	FM-117
R12-1-1949.	PN-2357	FR-573	R1-1-414.	FM-117
R12-1-1951.	PN-2357	FR-573	R1-1-502.	FM-117
R12-1-1953.	PN-2357	FR-573	R1-1-801.	FR-117;
R12-1-1955.	PN-2357	FR-573		FN-117
R12-1-1957.	PN-2357	FR-573	R1-1-802.	FN-117
R12-1-1971.	PN-2357	FR-573	R1-1-803.	FN-117
R12-1-1973.	PN-2357	FR-573	R1-1-1001.	FM-117
R12-1-1975.	PN-2357		State Real Estate Department	
R12-1-1977.	PN-2357	Retirement System Board, State	R4-28-405.	EXP-757
R12-1-1979.	PN-2357	R2-8-104.		
R12-1-1981.	PN-2357	PM-959;	Transportation, Department of - Commercial Programs	
R12-1-19101.	PN-2357	FM-2515	R17-5-301.	FXM-1096
R12-1-19103.	PN-2357	PM-959; PM-2281;	R17-5-302.	FXM-1096
R12-1-19105.	PN-2357	FM-2515	R17-5-303.	FXN-1096
R12-1-19107.	PN-2357	PM-959; PM-2281;	R17-5-304.	FXN-1096
R12-1-19109.	PN-2357	FM-2515	R17-5-305.	FXN-1096
Appendix A.	PN-2357	PM-959;	R17-5-306.	FXN-1096
Radiation Regulatory Agency - Medical Radiologic Technology Board of Examiners		FM-2515	R17-5-307.	FXN-1096
R12-2-101.	FM-573	PM-2281	R17-5-308.	FXN-1096
R12-2-102.	FM-573	PM-959;	R17-5-309.	FXN-1096
		FM-2515	R17-5-310.	FXN-1096

R17-5-311.	FXN-1096	R20-2-903.	PM-437;	R20-2-1007.	PN-437;
R17-5-312.	FXN-1096		FM-1693		FN-1693
R17-5-313.	FXN-1096	R20-2-904.	PM-437;	R20-2-1008.	PN-437;
R17-5-314.	FXN-1096		FM-1693		FN-1693
R17-5-315.	FXN-1096	R20-2-906.	PM-437;	R20-2-1009.	PN-437;
R17-5-316.	FXN-1096		FM-1693		FN-1693
R17-5-317.	FXN-1096	R20-2-907.	PM-437;	R20-2-1010.	PN-437;
R17-5-318.	FXN-1096		FM-1693		FN-1693
R17-5-319.	FXN-1096	R20-2-908.	PM-437	R20-2-1011.	PN-437;
R17-5-320.	FXN-1096	R20-2-909.	PM-437;		FN-1693
R17-5-321.	FXN-1096		FM-1693	R20-2-1012.	PN-437;
R17-5-901.	FXN-1825	R20-2-910.	PM-437;		FN-1693
R17-5-902.	FXN-1825		FM-1693	R20-2-1013.	PN-437;
R17-5-903.	FXN-1825	R20-2-913.	FN-437;		FN-1693
R17-5-904.	FXN-1825		FM-1693	Table 1.	PN-437;
R17-5-905.	FXN-1825	R20-2-1001.	PN-437;		FN-1693
R17-5-906.	FXN-1825		FN-1693		
Transportation, Department of - Title, Registration, and Driver Licenses		R20-2-1002.	PN-437;		
R17-4-401.	FXM-1092		FN-1693		
R17-4-404.	FXM-1092	R20-2-1003.	PN-437;		
			FN-1693		
Weights and Measures, Department of		R20-2-1004.	PN-437;		
R20-2-101.	PM-437;		FN-1693		
	FM-1693	R20-2-1005.	PN-437;		
R20-2-901.	PM-437;		FN-1693		
	FM-1693	R20-2-1006.	PN-437;		
R20-2-902.	PM-437;		FN-1693		
	FM-1693				

OTHER NOTICES AND PUBLIC RECORDS INDEX

Other notices related to rulemakings are listed in the Index by notice type, agency/county and by volume page number. Agency policy statements and proposed delegation agreements are included in this section of the Index by volume page number.

Public records, such as Governor Office executive orders, proclamations, declarations and terminations of emergencies, summaries of Attorney General Opinions, and county notices are also listed in this section of the Index as published by volume page number.

THIS INDEX INCLUDES OTHER NOTICE ACTIVITY THROUGH ISSUE 49 OF VOLUME 21.

Agency Guidance Documents, Notices of

Health Services, Department of; pp. 22-23, 325-326, 647, 1495, 2417-2420, 2786

Revenue, Department of; pp. 890-893, 2111, 2688

Agency Ombudsman, Notices of

Arizona Lottery; pp. 526, 2987

Child Safety, Department of; pp. 466, 1054

Early Childhood Development and Health Board; p. 25

Game and Fish Commission; p. 142

Health Services, Department of; p. 498

Psychologist Examiners, Board of; p. 25

Public Safety, Department of; p. 1502

Registrar of Contractors; p. 729

County Notices Pursuant to A.R.S. § 49-112

Maricopa County; p. 984, 1273-1302, 1302-1445, 2124-2261

Pima County; pp. 469-471, 852-853

Pinal County; pp. 422, 501-506, 802-808, 902-906, 1715-1745, 2083-2087, 2925, 2937

Governor's Office

Executive Order: pp. 26-27, 102-103, 143-144 (E.O. #2012-03); 163-164 (E.O. #2015-01); 216 (E.O. #2015-02); 552-553 (E.O. #2015-03); 760-761 (E.O. #2015-04); 975 (E.O. #2015-05); 2988 (E.O. #2015-07); 2989 (E.O. #2015-08); 2990 (E.O. #2015-10)

Proclamations: pp. 615-621; 652-654; 693-696; 798-801; 847-851; 899-901; 976-983; 1059-1060; 1130-1134; 1203-1207; 1505-1507; 1653-1657; 1709-1714; 1794-1796; 2113; 2115-2123, 2320-2326, 2479-2487, 2792, 2993-2994, 3092-3096

Governor's Regulatory Review Council

Notices of Action Taken: pp. 193, 317, 479-480, 563-564, 771, 951, 1217, 1757-1758, 2100, 2588, 3009

Oral Proceeding on Proposed Rulemaking, Notices of

Child Safety, Department of; 1055, 1269, 1649, 1650, 1866

Optometry, Board of; p. 9, 1648

Psychologist Examiners, Board of; p. 1199

Proposed Delegation Agreement, Notices of



Environmental Quality, Department of; p. 267-269, 496, 894-895, 1124, 1496-1497, 1836, 2787, 2984

Public Information, Notices of

Agriculture, Department of - Livestock & Crop Conservation Grant Program; p. 896

Arizona Health Care Cost Containment System; p. 727, 840, 1051, 2789, 3087

Child Safety, Arizona Department of; p. 1051, 1267, 1646, 1838

Emergency and Military Affairs, Department of - Division of Military Affairs; p. 159, 1267

Environmental Quality, Department of; pp. 11-20, 77-87

Environmental Quality, Department of - Pesticides and Water Pollution Control; p. 687-689

Environmental Quality, Department of - Water Pollution Control; pp. 1126, 3088

Environmental Quality, Department of - Water Quality Control; pp. 327-360, 840-842, 1838-1865, 2297-2317

Environmental Quality, Department of - Water Quality Standards; p. 160

Health Services, Department of; pp. 21, 177-179, 241, 361-362, 413, 2421

Health Services, Department of - Emergency Medical Services; p. 2422

Health Services, Department of - Health Programs Services; p. 611

Health Services, Department of - Laboratories; p. 2422

Optometry, Board of; p. 11

Secretary of State, Office of the; p. 160-161

The Deaf and the Hard of Hearing; p. 1498

Rulemaking Docket Opening, Notices of

Agriculture, Department of - Environmental Services Division; p. 2415

Arizona Health Care Cost Containment System - Administration; p. 839, 1791, 1835

Arizona Health Care Cost Containment System - Arizona Long-term Care System; p. 495

Barbers, Board of; p. 889

Board of Dental Examiners, State; p. 524, 1988-1989

Contractors, Registrar of; p. 2473

Corporation Commission, Arizona - Transportation; p. 685

Cosmetology, Board of; p. 1122, 1790

Emergency and Military Affairs, Department of - Division of Emergency Management; p. 1198

Environmental Quality, Department of - Safe Drinking Water; p. 2296

Environmental Quality, Department of - Water Pollution Control; p. 3086

Environmental Quality, Department of - Water Quality Standards; p. 1989

Fire, Building and Life Safety, Department of; p. 1123

Game and Fish Commission; p. 759, 1049

Health Services, Department of - Health Care Institutions: Licensing; p. 2474

Industrial Commission of Arizona; p. 2475, 2573, 2785

Insurance, Department of; p. 1494

Lottery Commission, Arizona State; pp. 972, 973

Peace Officer Standards and Training Board, Arizona; p. 2784

Physicians Medical Board, Naturopathic; p. 215

Private Postsecondary Education, Board for; p. 2983

Public Safety, Department of - School Buses; p. 646

Radiation Regulatory Agency; p. 2295

Respiratory Care Examiners, Board of; p. 3085

Retirement System Board, State; p. 726, 931, 1834, 1987, 2109, 2572

The Deaf and the Hard of Hearing, Commission for; p. 1493

Weights and Measures, Department of; p. 412

Substantive Policy Statement, Notices of

Agriculture, Department of; p. 2424

Environmental Quality, Department of; pp. 88-101, 137-139, 162, 307, 591, 612, 690

Financial Institutions, Department of; p. 1499

Game and Fish Commission; p. 141

Greater Arizona Development Authority; pp. 391-392

Health Services, Department of; pp. 140, 180-182, 242-249, 270-272, 416-419, 648, 843-844

Insurance, Department of; p. 591-593, 1500, 2986

Nursing, Board of; p. 136

Psychologist Examiners, Board of; p. 24

Revenue, Department of; p. 932-939

State Real Estate, Department of; p. 551, 1501

Technical Registration, Board of; pp. 414-415

Water Infrastructure Finance Authority; pp. 393-395

Water Resources, Department of; p. 183



RULE EFFECTIVE DATES CALENDAR

A.R.S. § 41-1032(A), as amended by Laws 2002, Ch. 334, § 8 (effective August 22, 2002), states that a rule generally becomes effective 60 days after the day it is filed with the Secretary of State's Office. The following table lists filing dates and effective dates for rules that follow this provision. Please also check the rulemaking Preamble for effective dates.

Table with 12 columns: January (Date Filed, Effective Date), February (Date Filed, Effective Date), March (Date Filed, Effective Date), April (Date Filed, Effective Date), May (Date Filed, Effective Date), June (Date Filed, Effective Date). Rows list dates from 1/1 to 1/31 and corresponding effective dates.



July		August		September		October		November		December	
Date Filed	Effective Date										
7/1	8/30	8/1	9/30	9/1	10/31	10/1	11/30	11/1	12/31	12/1	1/30
7/2	8/31	8/2	10/1	9/2	11/1	10/2	12/1	11/2	1/1	12/2	1/31
7/3	9/1	8/3	10/2	9/3	11/2	10/3	12/2	11/3	1/2	12/3	2/1
7/4	9/2	8/4	10/3	9/4	11/3	10/4	12/3	11/4	1/3	12/4	2/2
7/5	9/3	8/5	10/4	9/5	11/4	10/5	12/4	11/5	1/4	12/5	2/3
7/6	9/4	8/6	10/5	9/6	11/5	10/6	12/5	11/6	1/5	12/6	2/4
7/7	9/5	8/7	10/6	9/7	11/6	10/7	12/6	11/7	1/6	12/7	2/5
7/8	9/6	8/8	10/7	9/8	11/7	10/8	12/7	11/8	1/7	12/8	2/6
7/9	9/7	8/9	10/8	9/9	11/8	10/9	12/8	11/9	1/8	12/9	2/7
7/10	9/8	8/10	10/9	9/10	11/9	10/10	12/9	11/10	1/9	12/10	2/8
7/11	9/9	8/11	10/10	9/11	11/10	10/11	12/10	11/11	1/10	12/11	2/9
7/12	9/10	8/12	10/11	9/12	11/11	10/12	12/11	11/12	1/11	12/12	2/10
7/13	9/11	8/13	10/12	9/13	11/12	10/13	12/12	11/13	1/12	12/13	2/11
7/14	9/12	8/14	10/13	9/14	11/13	10/14	12/13	11/14	1/13	12/14	2/12
7/15	9/13	8/15	10/14	9/15	11/14	10/15	12/14	11/15	1/14	12/15	2/13
7/16	9/14	8/16	10/15	9/16	11/15	10/16	12/15	11/16	1/15	12/16	2/14
7/17	9/15	8/17	10/16	9/17	11/16	10/17	12/16	11/17	1/16	12/17	2/15
7/18	9/16	8/18	10/17	9/18	11/17	10/18	12/17	11/18	1/17	12/18	2/16
7/19	9/17	8/19	10/18	9/19	11/18	10/19	12/18	11/19	1/18	12/19	2/17
7/20	9/18	8/20	10/19	9/20	11/19	10/20	12/19	11/20	1/19	12/20	2/18
7/21	9/19	8/21	10/20	9/21	11/20	10/21	12/20	11/21	1/20	12/21	2/19
7/22	9/20	8/22	10/21	9/22	11/21	10/22	12/21	11/22	1/21	12/22	2/20
7/23	9/21	8/23	10/22	9/23	11/22	10/23	12/22	11/23	1/22	12/23	2/21
7/24	9/22	8/24	10/23	9/24	11/23	10/24	12/23	11/24	1/23	12/24	2/22
7/25	9/23	8/25	10/24	9/25	11/24	10/25	12/24	11/25	1/24	12/25	2/23
7/26	9/24	8/26	10/25	9/26	11/25	10/26	12/25	11/26	1/25	12/26	2/24
7/27	9/25	8/27	10/26	9/27	11/26	10/27	12/26	11/27	1/26	12/27	2/25
7/28	9/26	8/28	10/27	9/28	11/27	10/28	12/27	11/28	1/27	12/28	2/26
7/29	9/27	8/29	10/28	9/29	11/28	10/29	12/28	11/29	1/28	12/29	2/27
7/30	9/28	8/30	10/29	9/30	11/29	10/30	12/29	11/30	1/29	12/30	2/28
7/31	9/29	8/31	10/30			10/31	12/30			12/31	3/1



REGISTER PUBLISHING DEADLINES

The Secretary of State's Office publishes the Register weekly. There is a three-week turnaround period between a deadline date and the publication date of the Register. The weekly deadline dates and issue dates are shown below. Council meetings and Register deadlines do not correlate. Also listed are the earliest dates on which an oral proceeding can be held on proposed rulemakings or proposed delegation agreements following publication of the notice in the Register.

Deadline Date (paper only) Friday, 5:00 p.m.	Register Publication Date	Oral Proceeding may be scheduled on or after
September 4, 2015	September 25, 2015	October 26, 2015
September 11, 2015	October 2, 2015	November 2, 2015
September 18, 2015	October 9, 2015	November 9, 2015
September 25, 2015	October 16, 2015	November 16, 2015
October 2, 2015	October 23, 2015	November 23, 2015
October 9, 2015	October 30, 2015	November 30, 2015
October 16, 2015	November 6, 2015	December 7, 2015
October 23, 2015	November 13, 2015	December 14, 2015
October 30, 2015	November 20, 2015	December 21, 2015
November 6, 2015	November 27, 2015	December 28, 2015
November 13, 2015	December 4, 2015	January 4, 2016
November 20, 2015	December 11, 2015	January 11, 2016
November 27, 2015	December 18, 2015	January 18, 2016
December 4, 2015	December 25, 2015	January 25, 2016
December 11, 2015	January 1, 2016	February 1, 2016
December 18, 2015	January 8, 2016	February 8, 2016
December 25, 2015	January 15, 2016	February 15, 2016
January 1, 2016	January 22, 2016	February 22, 2016
January 8, 2016	January 29, 2016	February 29, 2016
January 15, 2016	February 5, 2016	March 7, 2016
January 22, 2016	February 12, 2016	March 14, 2016
January 29, 2016	February 19, 2016	March 21, 2016
February 5, 2016	February 26, 2016	March 28, 2016
February 12, 2016	March 4, 2016	April 4, 2016
February 19, 2016	March 11, 2016	April 11, 2016
February 26, 2016	March 18, 2016	April 18, 2016
March 4, 2016	March 25, 2016	April 25, 2016
March 11, 2016	April 1, 2016	May 2, 2016
March 18, 2016	April 8, 2016	May 9, 2016



GOVERNOR’S REGULATORY REVIEW COUNCIL DEADLINES

The following deadlines apply to all Five-Year-Review Reports and any adopted rule submitted to the Governor’s Regulatory Review Council. Council meetings and Register deadlines do not correlate. We publish these deadlines as a courtesy.

All rules and Five-Year Review Reports are due in the Council office by 5:00 p.m. of the deadline date. The Council’s office is located at 100 N. 15th Ave., Suite 402, Phoenix, AZ 85007. For more information, call (602) 542-2058 or visit www.grrc.state.az.us.

GOVERNOR’S REGULATORY REVIEW COUNCIL DEADLINES FOR 2016

[M15-328]

DEADLINE TO BE PLACED ON COUNCIL AGENDA	FINAL MATERIALS DUE FROM AGENCIES	DATE OF COUNCIL STUDY SESSION	DATE OF COUNCIL MEETING
November 17, 2015	December 18, 2015	December 29, 2015	January 5, 2016
December 21, 2015	January 15, 2016	January 26, 2016	February 2, 2016
January 19, 2016 (Tuesday)	February 12, 2016	February 23, 2016	March 1, 2016
February 16, 2016 (Tuesday)	March 18, 2016	March 29, 2016	April 5, 2016
March 21, 2016	April 15, 2016	April 26, 2016	May 3, 2016
April 18, 2016	May 20, 2016	June 1, 2016 (Wednesday)	June 7, 2016
May 23, 2016	June 17, 2016	June 28, 2016	July 6, 2016 (Wednesday)
June 20, 2016	July 15, 2016	July 26, 2016	August 2, 2016
July 18, 2016	August 19, 2016	August 30, 2016	September 7, 2016 (Wednesday)
August 22, 2016	September 16, 2016	September 27, 2016	October 4, 2016
September 19, 2016	October 14, 2016	October 25, 2016	November 1, 2016
October 17, 2016	November 18, 2016	November 29, 2016	December 6, 2016
November 21, 2016	December 16, 2016	December 28, 2016 (Wednesday)	January 4, 2017 (Wednesday)

*Materials must be submitted by **Noon** on dates listed as a deadline for placement on a particular agenda. Placement on a particular agenda is not guaranteed.