

Arizona Administrative REGISTER

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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Rules can be: made (all new text); amended (rules on file, changing text); repealed (removing text); or renumbered (moving rules to a different Section number).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 New rules in this publication (whether proposed or made) are denoted with underlining; repealed text is stricken.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.

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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 us at (602) 364-3223.

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.

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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.

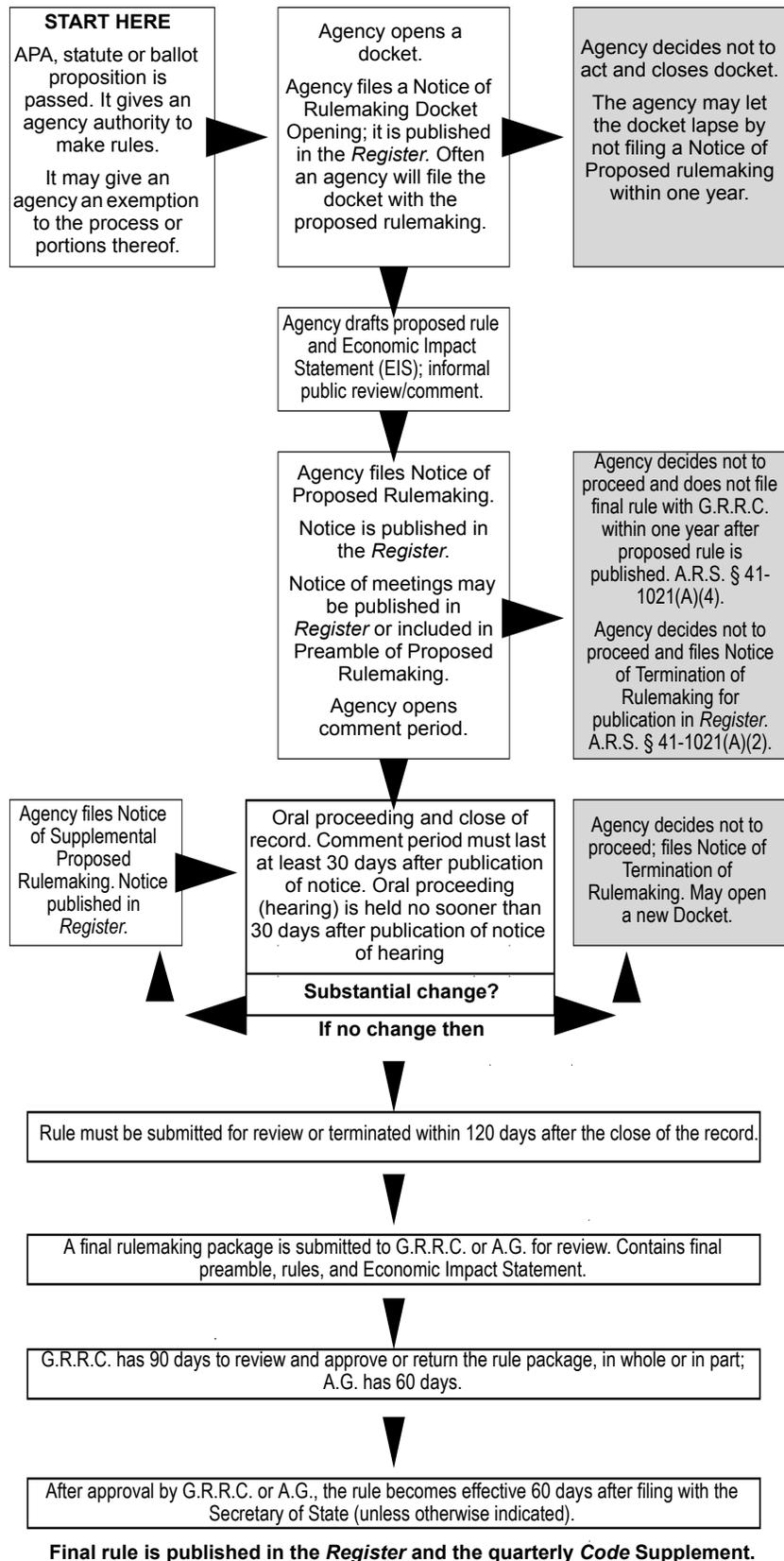
An agency may not have a public meeting scheduled on the Notice of Proposed Rulemaking. If not, you may request that the agency schedule a proceeding. This request must be put in writing within 30 days after the published Notice of Proposed Rulemaking.

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 1. BOARD OF ACCOUNTANCY**

[R16-277]

PREAMBLE

- | | |
|--|---------------------------------|
| <u>1. Articles, Part, or Section Affected (as applicable)</u> | <u>Rulemaking Action</u> |
| R4-1-101 | Amend |
| R4-1-341 | Amend |
| R4-1-345 | Amend |
| R4-1-453 | Amend |
| R4-1-454 | Amend |
| R4-1-454 | Amend |
| R4-1-455 | Amend |
| R4-1-455.01 | Amend |
| R4-1-455.02 | Amend |
| R4-1-455.03 | Amend |
| R4-1-455.04 | 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. § 32-703(B)(7)
 Implementing statute: A.R.S. § 32-703(B)(8) and (13)
- 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: 23 A.A.R. 137, January 13, 2017 (*in this issue*).
- 4. The agency's contact person who can answer questions about the rulemaking:**
 Name: Monica L. Petersen, Executive Director
 Address: Board of Accountancy
 100 N. 15th Ave., Suite 165
 Phoenix, AZ 85007
 Telephone: (602) 364-0870
 Fax: (602) 364-0903
 E-mail: mpetersen@azaccountancy.gov
 Web site: www.azaccountancy.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:**
R4-1-101 and R4-1-454. The peer review rule, R4-1-454, and related definitions in R4-1-101, are amended to make them consistent with the American Society of Certified Public Accountants' (AICPA) peer review program. Such consistency will help to reduce confusion among practitioners about what are now differing peer review requirements. The AICPA peer review program subjects non-disclosure compilations to peer review, whereas, the Board's rule does not. Rather, the Board's rule subjects non-disclosure compilations to an Educational Enhancement Review (EER). Roughly 60% of EERs on non-disclosure compilations result in a letter of concern which is confidential and non-disciplinary. A peer review is necessary to protect the public because it ensures that practitioners take any corrective action needed while the peer review program is still educational in nature. The Board's proposed changes to the peer review rule also accommodate changes to the AICPA standards for reviews, compilations and engagements to prepare financial statements (Statements on Standards and Accounting and Review Services [SSARS] No. 21), which



went into effect on December 15, 2015. Lastly, the amendment which will require firms to provide peer review results to the AICPA Facilitated State Board Access (FSBA) will reduce the need for firms to provide results via hard copy to the Board in addition to the FSBA if the firm already participates and will serve to make Board operations more efficient as Board staff will be able to obtain results electronically from FSBA.

R4-1-341. This rule is amended to conform to statutory changes as a result of Laws 2015, Chapter 207 (HB 2218) which allows the International Qualification Examination (IQEX) in addition to the Uniform CPA Examination as an acceptable examination to qualify for certification by reciprocity.

R4-1-345. This rule is amended to reduce the regulatory burden by no longer requiring registrants who are suspended for nonregistration for more than six months to return their actual paper certificates to the Board.

R4-1-453. This rule is amended to clarify continuing professional education records requirements.

R4-1-455, R4-1-455.01, R4-1-455.02, R4-1-455.03 and R4-1-455.04. These rules are amended to incorporate AICPA’s Code of Conduct and Professional Standards. AICPA is the world’s largest member association representing the accounting profession, with more than 412,000 members in 144 countries, and a history of serving the public interest since 1887. AICPA sets ethical standards for the profession and U.S. auditing standards for private companies, nonprofit organizations, federal, state and local governments. It is not efficient or effective for the Board to promulgate its own standards, as they may be redundant or contradictory to the AICPA. The incorporation by reference of the AICPA standards reduces the regulatory burden while achieving the same objective by ensuring that the accounting community only has one set of standards by which it is regulated. The standard setting process involves many practitioners with various expertise as well as a thoughtful and very public process that provide the opportunity for public input from all state Boards of Accountancy, CPA Societies, the National Association of State Boards of Accountancy, practitioners and the public at large. The incorporation of such well-thought-out standards helps provide clear guidance to practitioners and regulators. Practitioners who make the effort to stay abreast of standards that affect the accounting services that they provide are better positioned to provide quality service to their clients, and when practitioners fall short, the Board, its advisory committees, and its investigators will have clear guidance for enforcement which serves to protect the public and closes existing loopholes that create legal uncertainty.

R4-1-455.03. The amendment of R4-1-455.03 by deleting (D)(1) is already the subject of a separate, previously filed pending rulemaking anticipated to be published in the December 23, 2016 Arizona Administrative Register. R4-1-455.03 is amended by striking (D)(1) because it is overbroad and inconsistent with A.R.S. § 32-747.01, and to ensure that the rules reflect the Board’s current operational practices, as the Board no longer enforces this rule. The current rule is overbroad and inconsistent with the Board’s statutory framework because it requires certified public accountants (“CPAs”) who provide any type of public accounting to do so only through a firm registered with the Board, whereas A.R.S. § 32-747.01 only requires those CPAs who perform one specific type of public accounting – attest services – to do so only through a registered firm.

Technical and conforming changes are also made to the rules.

An exemption from Executive Orders 2015-01 and 2016-03 was provided for this rulemaking by Rene Guillen, Policy Advisor for Government and Transportation in the Governor’s Office, in an email dated April 21, 2016.

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:

Not applicable

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:

Firms that are already members of the AICPA must follow their peer review program requirements which include peer reviews for non-disclosure compilations. However, firms that are not members of the AICPA are currently not subjected to this requirement but rather the Board’s requirement relating to Educational Enhancement Reviews. The adoption of the AICPA’s peer review process will subject non-AICPA members who do non-disclosure compilations to peer review which has a cost. Despite the increased costs for non-AICPA member firms, the pros of doing peer reviews of firms issuing non-disclosure compilations are expected to significantly outweigh the cons since greater scrutiny in the process will likely benefit consumers by identifying issues which the reviewed firms need to address in order to provide quality services and protect the public.

Adopting the AICPA’s codes of conduct is not expected to have any economic, small business or consumer impact.

Amending R4-1-455.03 by striking (D)(1) will not have a fiscal impact, as under the Board’s long-time statutory and regulatory framework, CPAs who have registered firms as sole proprietors are not required pursuant to A.R.S. § 32-729(4) to pay a firm registration fee. Repealing the rule will result in a positive impact to small business. CPAs who are sole proprietors of accounting firms who do not do attest services as defined in A.R.S. § 32-701(3) will no longer be required to register their firms with the Board and will no longer be required to file biennial firm renewal paperwork. They will also no longer be subject to peer review requirements pursuant to A.A.C. R4-1-454. [Operationally, since the Board has already ceased enforcement of the rule pending repeal and has notified sole proprietors that they may cancel their firm registrations if they do not provide attest services, this positive impact has already commenced.] The Board does not foresee a consumer economic impact, as repealing this rule is unlikely to change the rates CPAs charge for their services. In terms of public protection, the Board will continue to regulate the sole proprietor CPAs through their individual certificates but will lose some important regulatory oversight with respect to peer review requirements for non-attest services like compilation services. The Board intends to address this regulatory gap and potential negative impact on consumers through a future legislative initiative to update its statutes.



The other amendments are not anticipated to have a fiscal impact.

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

Name: Monica L. Petersen, Executive Director
 Address: Board of Accountancy
 100 N. 15th Ave., Suite 165
 Phoenix, AZ 85007
 Telephone: (602) 364-0870
 Fax: (602) 364-0903
 E-mail: mpetersen@azaccountancy.gov
 Web site: www.azaccountancy.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: February 13, 2017

Time: 9:00 a.m.

Location: Board of Accountancy, 100 N. 15th Ave., Suite 165, Phoenix, AZ 85007

The rulemaking record will close on Monday, February 13, 2017 at 5:00 p.m.

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:

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 rules do not require a 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 federal law regarding CPAs, peer review or the other subjects of the rules.

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:

None

13. The full text of the rules follows:

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 1. BOARD OF ACCOUNTANCY

ARTICLE 1. GENERAL

Section
 R4-1-101. Definitions

ARTICLE 3. CERTIFICATION AND REGISTRATION

Section
 R4-1-341. CPA Certificates; Reinstatement
 R4-1-345. Registration; Fees

ARTICLE 4. REGULATION

Section
 R4-1-453. Continuing Professional Education
 R4-1-454. Peer Review
 R4-1-455. Professional Conduct: ~~Independence, Integrity, and Objectivity and Standards~~
 R4-1-455.01. Professional Conduct: ~~Competence and Technical Standards~~ Definitions; Interpretations
 R4-1-455.02. Professional Conduct: ~~Confidentiality; Records Disposition~~ Competence and Technical Standards
 R4-1-455.03. Professional Conduct: ~~Other Specific~~ Responsibilities and Practices
 R4-1-455.04. Professional Conduct: ~~Interpretations~~ Records Disposition

ARTICLE 1. GENERAL

R4-1-101. Definitions

- A. The definitions in A.R.S. § 32-701 apply to this chapter.
- B. In this chapter, unless the context otherwise requires:



1. ~~“Compilation services” has the same meaning as~~ means services, the objective of which is defined in Section ~~60-05 80.04~~ of the Statements on Standards for Accounting and Review Services No. ~~19 21~~, issued ~~December 2009~~ October 2014 and published ~~June 1, 2013~~ May 1, 2016 in the AICPA Professional Standards by the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, New York 10036-8775, which is incorporated by reference. This incorporation by reference does not include any later amendments or editions. The incorporated material is available for inspection and copying at the Board's office.
2. “Contested case” means any proceeding in which the legal rights, duties or privileges of a party are required by law to be determined by any agency after an opportunity for hearing.
3. “CPE” or “continuing professional education” means attending classes, writing articles, conducting or teaching courses, and taking self-study courses if the activities contribute to maintaining and improving of professional competence in accounting.
4. “Educational Enhancement Review” means an assessment by the Board’s Peer Review Oversight Advisory Committee (PROAC) of one or more aspects of the professional work of a firm that performs only ~~nondisclosure compilation services engagements to prepare financial statements.~~
5. ~~“Full disclosure compilation services” means a compilation of financial statements that does not omit substantially all disclosures.~~
6. ~~“Nondisclosure compilation services” means a compilation of financial statements that omits substantially all disclosures.~~
5. “Engagement to prepare financial statement” has the same meaning as Section 70.01 of the Statements on Standards for Accounting and Review Services No. 21, issued October 2014 and published May 1, 2016, in the AICPA Professional Standards, by the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, New York 10036-8775, which is incorporated by reference. This incorporation by reference does not include any later amendments or editions. The incorporated material is available for inspection and copying at the Board’s office.
6. “Facilitated State Board Access (FSBA)” means the sponsoring organization’s process for providing the Board access to peer review results via a secured website.
7. “Party” means each person or agency named or admitted as a party, or properly seeking and entitled, as of right, to be admitted as a party.
8. “Peer review” means an assessment, conducted according to R4-1-454(K), of one or more aspects of the professional work of a firm ~~that is registered with the Board to practice public accounting and performs attest services or full disclosure compilation or nondisclosure compilation services conducted according to R4-1-454(K).~~
9. ~~“Person” may include any individual, and any form of corporation, partnership, or professional limited liability company.~~ “Peer review program” means the sponsoring organization’s entire peer review process, including but not limited to the standards for administering, performing and reporting on peer reviews, oversight procedures, training, and related guidance materials.
10. ~~“Person” may include any individual, and any form of corporation, partnership, or professional limited liability company.~~
11. “Sponsoring organization” means a Board-approved professional society, or other organization approved by the Board responsible for the facilitation and administration of peer reviews through use of its peer review program and peer review standards.
1012. ~~“Upper division level course” means a course taken beyond the basic level, after any required prerequisite or introductory accounting course and does not include principals of accounting or similar introductory accounting courses.~~

ARTICLE 3. CERTIFICATION AND REGISTRATION

R4-1-341. CPA Certificates; Reinstatement

- A. An applicant may apply for a certificate of certified public accountant or for reinstatement by submitting:
 1. An application fee of \$100; and
 2. For an applicant applying for certification under A.R.S. § 32-721(A) and (B), a completed application including:
 - a. Verification that the applicant passed the Uniform CPA Examination,
 - b. Verification that the applicant meets the education and experience requirements specified in R4-1-343,
 - c. One signed and dated letter of recommendation by a CPA,
 - d. Proof of a score of at least 90% on the American Institute of Certified Public Accountants (AICPA) examination in professional ethics taken within the two years immediately before the application is submitted,
 - e. Evidence of lawful presence in the United States, and
 - f. Other information or documents requested by the Board to determine compliance with eligibility requirements.
 3. For an applicant applying for certification under A.R.S. § 32-721(A) and (C), a completed application including:
 - a. Verification that the applicant passed the Uniform CPA Examination; or the International Qualification Examination (IQEX).
 - b. License verification from each jurisdiction in which the applicant has ever been issued a certificate as a certified public accountant of which at least one must be an active certification from a jurisdiction with requirements determined by the Board to be substantially equivalent to the requirements in A.R.S. § 32-721(B) or verification that the applicant meets the education and experience requirements specified in R4-1-343,
 - c. Evidence of lawful presence in the United States, and
 - d. Other information or documents requested by the Board to determine compliance with eligibility requirements.
 4. For an applicant applying for certification under A.R.S. § 32-721(A) and (D) for mutual recognition agreements adopted by the Board a completed application including:
 - a. Verification that the applicant has passed the International Qualification Examination (IQEX),
 - b. License verification from the applicant’s country which has a mutual recognition agreement with the National Association of State Boards of Accountancy that has been adopted by the Board,
 - c. Evidence of lawful presence in the United States, and
 - d. Other information or documents requested by the Board to determine compliance with eligibility requirements.



5. For an applicant applying for reinstatement from cancelled or expired status under A.R.S. §§ 32-730.02 or 32-730.03 respectively a completed application including:
 - a. CPE that meets the requirements of R4-1-453(C)(6) and (E), and
 - b. Evidence of lawful presence in the United States.
6. For an applicant applying for reinstatement from revoked or relinquished status under A.R.S. §§ 32-741.03 or 32-741.04 respectively a completed application including:
 - a. CPE that meets the requirements of R4-1-453(C)(6) and (E),
 - b. Evidence of lawful presence in the United States,
 - c. If not waived by the Board as part of a disciplinary order, evidence from an accredited institution or a college or university that maintains standards comparable to those of an accredited institution that the individual has completed at least one hundred fifty semester hours of education as follows:
 - i. At least 36 semester hours are accounting courses of which at least 30 semester hours are upper level courses.
 - ii. At least 30 semester hours are related courses.
 - d. If prescribed by the Board as part of a disciplinary order, evidence that the individual has retaken and passed the Uniform Certified Public Accountant Examination.
- B.** Within 30 days of receiving an application, the Board shall notify the applicant that the application is either complete or incomplete. If the application is incomplete, the notice shall specify what information is missing.
 1. The Board shall make service of written notice regarding an incomplete application in accordance with R4-1-117(E)(1) or (2). The applicant has 30 days from the date of the notice to respond in writing to the Board's notice or the Board may administratively close the file. An applicant whose file is administratively closed and who later wishes to become certified, shall reapply under subsection (A).
 2. Within 60 days of receipt of all the missing information, the Board shall notify the applicant that the application is complete.
 3. The Board shall issue a certification decision no later than 150 days after receipt of a completed application.
 4. If the Board finds deficiencies during the substantive review of the application, the Board may issue a written request to the applicant for additional information.
 5. The 150-day time-frame in subsection (B)(3) for a substantive review for the issuance of a certificate is suspended from the date of the written request for additional information made under subsection (B)(4) until the date that all information is received. The Board shall serve a written request under subsection (B)(4) in accordance with R4-1-117(E)(1) or (2). The applicant has 30 days to respond to the Board's request for additional information. If the applicant fails to timely respond to the Board's request, the Board shall finish its substantive review based upon the information the applicant has presented.
 6. When the applicant and the Board mutually agree in writing, the substantive review time frame specified in subsection (B)(3) may be extended in accordance with A.R.S. § 41-1075.
- C.** If the Board denies an applicant's request for certification, the Board shall send the applicant written notice explaining:
 1. The reason for denial, with citations to supporting statutes or rules;
 2. The applicant's right to seek a fair hearing to challenge the denial; and
 3. The time periods for appealing the denial.
- D.** The Board establishes the following licensing time-frames for the purpose of A.R.S. § 41-1073:
 1. Administrative completeness review time-frame: 30 days;
 2. Substantive review time-frame: 150 days; and
 3. Overall time-frame: 180 days.

R4-1-345. Registration; Fees

- A.** Initial registration: After the Board approves an applicant's request for certification ~~or firm registration~~, the applicant shall file an application for initial registration in a format prescribed by the Board and pay a registration fee under subsection (C).
- B.** Renewal registration: A registrant shall file an application for renewal registration in a format prescribed by the Board no later than 5:00 p.m. on the last business day of the month. A renewal registration is deemed filed on the date and time received in the Board office. The Board shall record the date and time either by electronic date stamp in Arizona time or on physical receipt in the board's office. The Board shall not accept a postmark as evidence of timely filing. It is the sole responsibility of the registrant to complete the renewal registration requirements at the following times:
 1. Individual registrant: An individual registrant shall renew registration at the following times:
 - a. A registrant born in an even-numbered year shall renew registration during the month of birth in each even-numbered year.
 - b. A registrant born in an odd-numbered year shall renew registration during the month of birth in each odd-numbered year.
 2. Firm registrant: A firm shall renew registration at the following times:
 - a. A firm that initially registered with the Board in an even-numbered year shall renew registration during the board-approved month of the initial registration in each even-numbered year.
 - b. A firm that initially registered with the Board in an odd-numbered year shall renew registration during the board-approved month of the initial registration in each odd-numbered year.
- C.** Registration fees: The biennial registration fee is:
 1. \$300 and, if applicable, a late fee of \$50 for each certified public accountant and, each public accountant. For a certified public accountant or public accountant, the registration fee shall be prorated by month for an initial registration period of less than two years.
 2. \$300 and, if applicable, a late fee of \$50 for a firm. Under A.R.S. § 32-729, the Board shall not charge a fee for the registration of additional offices of the same firm or for the registration of a sole practitioner.
- D.** ~~If a registrant's certificate is suspended for nonregistration under A.R.S. § 32-741.01 and remains in a suspended status for more than six months, the registrant must return their certificate to the Board.~~



ARTICLE 4. REGULATION

R4-1-453. Continuing Professional Education

- A. Measurement Standards.** The Board shall use the following standards to measure the hours of credit given for CPE programs completed by an individual registrant.
1. A class hour shall consist of a minimum of 50 continuous minutes of instruction and a half class hour shall consist of a minimum of 25 continuous minutes of instruction. CPE credit shall be given in half-hour increments for periods of not less than one class hour. Credit shall not be allowed for repeat participation in any seminar or course during the registration period.
 2. Courses taken at colleges and universities apply toward the CPE requirement as follows:
 - a. Each semester - system credit hour is worth 15 CPE credit hours,
 - b. Each quarter - system credit hour is worth 10 CPE credit hours, and
 - c. Each noncredit class hour is worth one CPE credit hour.
 3. Each correspondence program hour is worth one CPE credit hour.
 4. Acting as a lecturer or discussion leader in a CPE program, including college courses, may be counted as CPE credit. The Board shall determine the amount of credit on the basis of actual presentation hours, and shall allow CPE credit for preparation time that is less than or equal to the presentation hours. A registrant may only claim as much preparation time as is actually spent for a presentation. Total credit earned under this subsection for service as a lecturer or discussion leader, including preparation time may not exceed 40 credit hours of the renewal period's requirement. Credit is limited to only one presentation of any seminar or course with no credit for repeat teaching of that course.
 5. Writing and publishing articles or books that contribute to the accounting profession may be counted for a maximum of 20 hours of CPE credit during each renewal period.
 - a. Credit may be earned for writing accounting material not used in conjunction with a seminar if the material addresses an audience of certified public accountants, is at least 3,000 words in length, and is published by a recognized third-party publisher of accounting material or a sponsor.
 - b. For each 3,000 words of original material written, the author may earn two credit hours. Multiple authors may share credit for material written.
 6. A registrant may earn a combined maximum of 40 hours of CPE credit under subsections (A)(4) and (5) above during each renewal period.
 7. A registrant may earn a maximum of 20 hours of CPE during each renewal period by completing introductory computer-related courses. Computer-related courses may qualify as consulting services pursuant to subsection (C).
- B. Programs that Qualify.** CPE credit may be given for a program that provides a formal course of learning at a professional level and contributes directly to the professional competence of participants.
1. The Board shall accept a CPE course as qualified if it:
 - a. Is developed by persons knowledgeable and experienced in the subject matter,
 - b. Provides written outlines or full text,
 - c. Is administered by an instructor or organization knowledgeable in the program, and
 - d. Uses teaching methods consistent with the study program.
 2. The Board shall accept a correspondence program which includes online or computer based programs if the sponsors maintain written records of each student's participation and records of the program outline for three years following the conclusion of the program.
 3. An ethics program taught or developed by an employer or co-worker of a registrant does not qualify for the ethics requirements of subsection (C)(4).
- C. Hour Requirement.** As a prerequisite to registration pursuant to A.R.S. § 32-730(C) or to reactivate from inactive status pursuant to A.R.S. § 32-730.01, a registrant shall complete the CPE requirements during the two-year period immediately before registration as specified under subsections (C)(1) through (C)(5). For registration periods of less than two years CPE may be prorated, with the exception of ethics.
1. A registrant whose last registration period was for two years shall complete 80 hours of CPE.
 2. A registrant shall complete a minimum of 50 percent of the required hours in the subject areas of accounting, auditing, taxation, business law, or consulting services with a minimum of 16 hours in the subject areas of accounting, auditing, or taxation.
 3. A registrant shall complete a minimum of 16 of the required hours:
 - a. In a classroom setting,
 - b. Through an interactive live webinar, or
 - c. By acting as a lecturer or discussion leader in a CPE program, including college courses
 4. A registrant shall complete four hours of CPE in the subject area of ethics. The four hours required by this subsection shall include a minimum of one hour of each of the following subjects:
 - a. Ethics related to the practice of accounting including the Code of Professional Conduct of the American Institute of Certified Public Accountants, and
 - b. Board statutes and administrative rules.
 5. A registrant shall report total CPE hours completed for the registration period. Hours that exceed the number required for the current registration period may not be carried forward to a subsequent registration period. Any CPE hours completed to vacate a suspension for nonregistration or for noncompliance with CPE requirements may not be used to meet CPE requirements for the registration period.
 6. As a prerequisite to reactivate from retired status or reinstate from cancelled, expired, relinquished or revoked status, an applicant shall complete up to 160 hours of CPE during the four-year period immediately before application to reactivate or reinstate. For periods of less than four years CPE may be prorated, with the exception of ethics.



- a. An applicant shall complete a minimum of 50 percent of the required hours in the subject areas of accounting, auditing, taxation, business law, or consulting services with a minimum of 32 hours in the subject areas of accounting, auditing or taxation.
 - b. An applicant shall complete a minimum of 32 hours of the required hours:
 - i. In a classroom setting,
 - ii. Through an interactive live webinar, or
 - iii. By acting as a lecturer or discussion leader in a CPE program, including college courses.
 - c. An applicant shall complete eight hours of CPE in the subject area of ethics. The eight hours required by this subsection shall include a minimum of one hour of each of the following subjects. The following subjects shall be completed during the two-year period immediately preceding application for reactivation or reinstatement:
 - i. Ethics related to the practice of accounting including the Code of Professional Conduct of the American Institute of Certified Public Accountants; and
 - ii. Board statutes and administrative rules.
- D.** Reporting: An applicant for reinstatement, a registrant who is subject to an audit, or a registrant completing their registration must report the following details about their completed CPE:
1. Sponsoring organization;
 2. Number of CPE credit hours;
 3. Title of program or description of content; and
 4. Dates attended.
- E.** In addition to the information required under subsection (D), an applicant for reinstatement from cancelled, expired, relinquished or revoked status, or a registrant subject to a CPE audit pursuant to subsection (G) shall provide ~~evidence of completed CPE as required to be maintained by subsection (F)~~; the Board at its request the following documents: course outlines and certificates of completion that include registrant's name, course provider or sponsor, course title, credit hours, and date of completion.
- F.** CPE Record Retention: A registrant shall maintain for three years from the date their registration application was dated as received by the Board and ~~provide the Board upon request~~ the following documents: course outlines and certificates of completion that include registrant's name, course provider or sponsor, course title, credit hours, and date of completion.
- G.** CPE audits: The Board, at its discretion, may conduct audits of a registrant's CPE and require that the registrant provide the CPE records that the registrant is required to maintain under subsection (F) to verify compliance with CPE requirements.
- H.** The Board may grant a full or partial exemption from CPE requirements on demonstration of good cause for a disability for only one registration period.

R4-1-454. Peer Review

- A.** Each firm, ~~as defined in A.R.S. § 32-701(14)~~, that performs attest services or ~~full disclosure compilation services~~ shall have a peer review performed and reported on within the three years immediately preceding the firm's registration date.
1. ~~A firm shall submit to the Peer Review Oversight Advisory Committee (PROAC) a peer review report and any additional, related documentation requested by the PROAC. The PROAC shall not require the submission of working papers related to the peer review process. Firms shall submit a copy of the results of their most recently accepted peer review pursuant to R4-1-345 or by a Board approved extension date to the Board which includes the following documents:~~
 - a. Peer review report which has been accepted by the sponsoring organization.
 - b. Firm's letter of response accepted by the sponsoring organization, if applicable.
 - c. Acceptance letter from the sponsoring organization.
 - d. Letter(s) accepting the documents signed by the firm with the understanding that the firm agrees to take any actions required by the sponsoring organization, if applicable, and
 - e. Letter signed by the sponsoring organization notifying the firm that required actions have been appropriately completed, if applicable.
 2. ~~The Board may grant, upon a written request and demonstration of good cause, excluding financial hardship pursuant to A.R.S. § 32-701(15)(e), an extension of time for completing the peer review or submitting the peer review report to the Board. For firms whose peer reviews are scheduled before January 1, 2018, the firm shall submit the peer review documents pursuant to R4-1-454(A)(1) to the Board prior to its next firm license renewal via mail, electronic transmission or, if available, the AICPA Facilitated State Board Access (FSBA).~~
 3. For firms whose peer reviews are scheduled after January 1, 2018, the firm must allow the sponsoring organization to make the documents pursuant to R4-1-454(A)(1) accessible to the Board via the FSBA process.
 4. The Board may grant, upon written request and demonstration of good cause, excluding financial hardship pursuant to A.R.S. §32-701(15)(E), an extension of time for completing the peer review or submitting the peer review documents to the Board.
- B.** ~~If the only services performed by a firm involving financial statements are nondisclosure compilation services engagements to prepare financial statements, the Board shall request, on a random basis, as a condition for initial or renewal registration, that the firm provide a peer review report and any additional, related documentation, completed within the three years immediately preceding the firm's registration date participate in an Educational Enhancement Review by the Peer Review Oversight Advisory Committee (PROAC) as provided in subsections 1 through 4 of this subsection.~~
1. If a firm has completed a peer review within the three years immediately preceding the firm's registration date, no Educational Enhancement Review will be required.
 2. If a firm did not complete a peer review within the three years immediately preceding the firm's registration date, PROAC shall request that the firm provide reports and financial statements and signed engagement letters from two separate nondisclosure compilation engagements to prepare financial statements, whose financial statements are dated performed within the two years immediately preceding the firm's registration date, for an Educational Enhancement Review by PROAC.
 3. If the results of the Educational Enhancement Review indicate deficient work by a firm, the Board may do any of the following:
 - a. Educate the firm by informing it of or referencing it to the current and appropriate reporting requirements;



- b. Educate the firm by informing it how to enhance its reporting and financial presentation; or
 - c. Require the firm to ~~undergo complete~~ a peer review under R4-1-454(A)(1) within a year of the peer review order's effective date before its next renewal registration.
34. If the results of the Educational Enhancement Review do not indicate deficient work, ~~the~~ PROAC shall recommend to the Board that it accepts the firm's Educational Enhancement Review and that the firm be notified of its compliance with this Section.
- C. Only a peer reviewer or a review team approved by the ~~sponsoring organization~~Board or its authorized agent may conduct a peer review. In approving a peer reviewer or a review team, the ~~sponsoring organization~~Board or its authorized agent shall ensure that each peer reviewer or member of a review team holds a certificate or license in good standing to practice public accounting, and is not affiliated with the firm under review.
- ~~D.~~ A firm may obtain a peer review and the corresponding report from a national organization approved by the Board or its authorized agent. ~~In approving a national organization, the Board shall determine whether the organization performs peer reviews that comply with this Section.~~
- ~~ED.~~ The PROAC shall review the peer review ~~report results submitted by a firm~~ to determine whether the firm is complying with the standards in subsection (K). If the results of peer review indicate that a firm is complying with the standards in subsection (K), ~~the~~ PROAC shall recommend to the Board that it accept the firm's peer review and that the firm be notified of its compliance with this Section.
- ~~FE.~~ If the results of ~~the~~ peer review indicate that a firm is not complying with the standards in subsection (K):-
1. ~~The Board shall direct the PROAC to obtain relevant reports, and perform any follow-up action required as a consequence of the identified deficiencies. The PROAC shall retain all documents obtained until the firm completes and the Board accepts the firm's next peer review.~~
 2. ~~If additional information is needed to determine whether a firm is correcting identified deficiencies, the Board shall make a written request that the firm provide the needed information. If the PROAC determines that the firm has not corrected the identified deficiencies, it shall refer the matter to the Board.~~
 3. ~~Based upon review of the PROAC's recommendation, the Board may take disciplinary action as defined in A.R.S. § 32-701(10).~~
- F. ~~If the results of the peer review suggest one or more violations of A.R.S. Title 32 Chapter 6 or Board rules, the Board may conduct or direct an authorized committee to conduct an initial analysis and take other action as authorized by A.R.S §32-742.01.~~
- G. Information discovered solely as a result of a peer review is not grounds for suspension or revocation of a certificate.
- H. Failure of a firm to complete a peer review ~~or an Educational Enhancement Review~~ under this Section may constitutes grounds for disciplinary action. ~~revocation or suspension of a firm's registration, after notice and opportunity for a hearing, unless the Board determines that there is good cause for the failure.~~
- I. Exemptions: A firm is exempt from the requirements of this Section if the firm submits to the Board a written statement that it meets at least one of the following grounds for exemption:
1. The firm has not previously practiced public accounting in this state, any other state, or a foreign country and the firm shall ~~have a peer review issued by a qualified peer reviewer and dated within~~ enroll in a Board approved peer review program with a peer review due date, in compliance with the peer review standards referenced in R4-1-454(K) of 18 months of initial registration from the year end of the first engagement performed.
 2. The firm submits to the Board an affidavit, on a form prescribed by the Board, that states that all of the following apply:
 - a. Within the previous three years, the firm did not ~~undertake perform~~ any engagement that resulted in the firm issuing a attest services, full disclosure, or non disclosure compilation; compilation services, or engagements to prepare financial statements.
 - b. The firm agrees to notify the Board within 90 days after accepting an attest services; or full disclosure compilation services engagement and shall ~~have a peer review issued by a qualified peer reviewer and dated within~~ enroll in a Board approved peer review program with a due date, in compliance with the peer review standards referenced in R4-1-454(K) of 18 months from the year-end of the initial engagement accepted; and
 - c. The firm agrees to notify the Board within 90 days after accepting a ~~nondisclosure compilation~~ an engagement to prepare financial statements.
- J. Firms that reorganize a current firm, rename a firm, or create a new firm, within which at least one of the prior CPA owners remains an owner or employee, shall remain subject to the provisions of this Section. If a firm is merged, combined, dissolved, or separated, the sponsoring organization shall determine which resultant firm shall be considered the succeeding firm. The succeeding firm shall retain its peer review status and the review due date.
- K. Each firm, review team, and member of a review team shall comply with the Standards for Performing and Reporting on Peer Reviews, ~~issued January 2009 and published June 1, 2013~~May 1, 2016 in the AICPA Professional Standards by the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, New York 10036-8775 (www.aicpa.org), which is incorporated by reference. This incorporation by reference does not include any later amendments or editions. The incorporated material is available for inspection and copying at the Board's office.
- L. Peer review record retention. A firm shall maintain for five years, and provide the Board upon request, the ~~following~~ documents referenced in R4-1-454(A)(1), if applicable and however denominated, for the peer reviews required by this Section: ~~peer review report, final acceptance letter, letter of comment, corrective action, and letter of response.~~

R4-1-455. Professional Conduct: Independence, Integrity, and Objectivity and Standards

- ~~A.~~ Independence: A certified public accountant, public accountant, or firm of which the certified public accountant or public accountant is a partner or shareholder shall not express an opinion on a financial statement of an enterprise unless the certified public accountant or public accountant and the firm are independent with respect to the enterprise. Independence is considered to be impaired if, for example:
1. ~~During the period of professional engagement or at the time of expressing an opinion, the certified public accountant or public accountant or the firm:~~



- a. Had or was committed to acquire any direct or material indirect financial interest in the enterprise;
 - b. Had any joint closely held business investment with the enterprise or any officer, director, or principal stockholder of the enterprise that was material in relation to the certified public accountant, public accountant, or the firm's net worth; or
 - e. Had any loan to or from the enterprise or any officer, director, or principal stockholder of the enterprise. This latter prescription does not apply to the following loans from a financial institution if the loans are made under normal lending procedures, terms, and requirements:
 - i. Loans obtained by a certified public accountant or public accountant or the firm that are not material in relation to the net worth of the borrower;
 - ii. Home mortgages; and
 - ii. Other secured loans, except loans that would be unsecured if not guaranteed by a certified public accountant's or public accountant's firm.
2. During the period covered by the financial statement, during the period of the professional engagement, or when expressing an opinion, the certified public accountant, public accountant or firm:
- a. Was connected with the enterprise as a promoter, underwriter, or voting trustee, director, or officer, or in any capacity equivalent to that of a member of management or of an employee; or
 - b. Was a trustee of any trust or executor or administrator of any estate if the trust or estate had or was committed to acquire any direct or material indirect financial interest in the enterprise; or was a trustee for any pension or profit sharing trust of the enterprise.
3. The above examples are not intended to be all inclusive.
- B. Integrity and objectivity:** A certified public accountant, public accountant, or firm shall not knowingly or recklessly misrepresent facts when engaged in the practice of public accounting, including rendering tax and management advisory services. In tax practices, a certified public accountant or public accountant may resolve doubt in favor of a client as long as there is reasonable support for the position.
1. **Contingent fees:** A contingent fee is a fee established for the performance of any service under an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is dependent upon the finding or result of the service. For purposes of this Section, fees are not regarded as contingent if fixed by courts or other public authorities, or in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies.
- a. A certified public accountant, public accountant, or firm engaged in the practice of public accounting shall not for a contingent fee for any client:
 - i. Perform an audit or review of a financial statement;
 - ii. Prepare a compilation of a financial statement when the certified public accountant, public accountant, or firm expects, or reasonably should expect that a third party will use the financial statement and the certified public accountant's, public accountant's, or firm's compilation report does not disclose a lack of independence;
 - iii. Perform an examination of prospective financial information; or
 - iv. Prepare an original or amended tax return or a claim for a tax refund.
 - b. The prohibitions in subsection (B)(1)(a) apply during the period in which the certified public accountant, public accountant, or firm is engaged to perform any of the services listed in subsection (B)(1)(a) and the period covered by any historical financial statements involved in the listed services.
2. **Commissions and referral fees:**
- a. A commission is a fee calculated as a percentage of the total sale or service.
 - b. A referral fee is a fee paid in exchange for producing a purchase of goods or services.
 - e. **Prohibited commissions:** A certified public accountant, public accountant, or firm engaged in the practice of public accounting shall not for a commission recommend or refer to a client any product or service, recommend or refer any product or service to be supplied by a client, or receive a commission when the certified public accountant, public accountant, or firm also performs any of the following for that client:
 - i. An audit or review of a financial statement;
 - ii. A compilation of a financial statement when the certified public accountant, public accountant, or firm expects, or reasonably should expect that a third party will use the financial statement and the certified public accountant, public accountant, or firm's compilation report does not disclose a lack of independence; or
 - iii. An examination of prospective financial information.
 - d. The prohibitions in subsection (B)(2)(e) apply during the period in which the certified public accountant, public accountant, or firm is engaged to perform any of the services listed in subsection (B)(2)(e) and the period covered by any historical financial statements involved in the listed services.
 - e. **Disclosure of permitted commissions:** A certified public accountant, public accountant, or firm engaged in the practice of public accounting that is not prohibited by this Section from performing services or receiving a commission and is paid or expects to be paid a commission shall make a written disclosure in advance of accepting the engagement. The certified public accountant, public accountant, or firm shall ensure that the written disclosure is made to any person or entity to which the certified public accountant, public accountant, or firm recommends or refers a product or service to which the commission relates and shall include the dollar amount or percentage to be received.
 - f. **Disclosure of referral fees:** A certified public accountant, public accountant, or firm that accepts a referral fee for recommending or referring a product or service to any person or entity or that pays a referral fee to obtain a client shall disclose to the client, in writing, the acceptance or payment of the referral fee and its amount.
3. **Incompatible occupations:** A certified public accountant or public accountant who is engaged in the practice of public accounting shall not concurrently engage in any business or occupation that impairs the objectivity of the certified public accountant or public accountant in rendering professional services.



- A. It is the Board’s policy that the rules governing registrants be consistent with the rules governing the accounting profession generally. Except as otherwise set forth in these regulations, registrants shall conform their conduct to the Code of Professional Conduct, published May 1, 2016 in the AICPA Professional Standards by the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, New York 10036-8775 (www.aicpa.org), available from the AICPA.
- B. The AICPA Code of Professional Conduct, and any interpretations and ethical rulings by the issuing body, shall apply to all registrants, including those who are not members of the AICPA. The version specified above, including any interpretations and ethical rulings in effect shall apply. Any later amendments, additions, interpretations or ethical rulings shall not apply.

R4-1-455.01. Professional Conduct: ~~Competence and Technical Standards~~Definitions; Interpretations

- ~~A. Competence: A registrant shall not undertake an engagement to perform professional services that the registrant cannot reasonably expect to complete with due professional competence, including compliance, where applicable, with subsections (B) and (C).~~
- ~~B. Auditing standards: A registrant shall not permit the registrant’s name to be associated with a financial statement in a manner that implies that the registrant is acting with independence with respect to the financial statement unless the registrant has complied with applicable generally accepted auditing standards.~~
- ~~C. Accounting principles: A registrant shall not express an opinion that a financial statement is presented in conformity with generally accepted accounting principles if the financial statement contains any departure from an accounting principle that has a material effect on the financial statement taken as a whole, unless the registrant can demonstrate that by reason of unusual circumstances that the financial statement would otherwise be misleading. In this case, the registrant’s report shall describe the departure from an accounting principle, the approximate effects of the departure, if practicable, and the reasons why compliance with the principle would result in a misleading statement.~~
- ~~D. Accounting and review standards: A certified public accountant, public accountant, or firm shall not permit the certified public accountant, public account, or firm’s name to be associated with an unaudited financial statement or other unaudited financial information of a non public entity in a manner that implies the certified public accountant, public accountant, or firm is acting as an independent accountant unless the certified public accountant, public accountant, or firm has complied with all applicable standards for accounting and review services.~~
- ~~E. Forecasts and projections: A certified public accountant, public accountant, or firm shall not permit the certified public accountant’s, public accountant’s, or firm’s name to be used in conjunction with any forecast of future transactions in a manner that may lead to the belief that the certified public accountant, public accountant, or firm vouches for the achievability of the forecast or projection.~~
- ~~F. In expressing an opinion on representations in a financial statement that the certified public accountant, public accountant, or firm has examined, a certified public accountant, public accountant, or firm violates A.R.S. § 32-741(A)(4) if the certified public accountant, public accountant, or firm:

 - ~~1. Fails to disclose a known material fact that makes the financial statement misleading;~~
 - ~~2. Fails to report a known material misstatement that appears in the financial statement;~~
 - ~~3. Is materially negligent in the conduct of the examination or in making a report on the examination;~~
 - ~~4. Fails to acquire sufficient information to warrant expression of an opinion, or the exceptions are sufficiently material to negate the expression of an opinion; or~~
 - ~~5. Fails to direct attention to any material departure from a generally accepted accounting principle or disclose any material omission of a generally accepted auditing procedure applicable under the circumstances.~~
 - ~~6. The provisions of subsection (F) are not intended to be all inclusive or to limit the application of A.R.S. § 32-741(A)(4).~~~~
- ~~G. Tax practice standards: A certified public accountant, public accountant, or firm shall exercise due diligence in the conduct of tax practices. The Board shall view the current standards in the American Institute of Certified Public Accountants Statements on Responsibilities in Tax Practice to presumptively represent due diligence.~~
- ~~H. Standards: The application of standards such as “generally accepted accounting principles,” “generally accepted auditing standards,” and “applicable standards for accounting and review services” by a certified public accountant, public accountant, or firm is to be made to the specific engagement or problem at hand by the exercise of professional judgment in the context of the literature of the accounting profession. The Board considers official statements of the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, and other specialized bodies dealing with accounting and auditing matters to be persuasive sources for interpretation of the standards. Persons who take positions that depart from the official statements shall be prepared to justify them.~~

Interpretation of definitions: All terms defined in A.R.S. § 32-701 et seq. shall be construed, to the extent possible, to be consistent with corresponding definitions in the professional standards adopted in R4-1-455. The foregoing notwithstanding, for purposes of R4-1-455 and the professional standards adopted therein:

1. The term “practice of public accounting” shall be defined as set forth in A.R.S. § 32-701; and
2. References to “member” shall be to “registrant” as defined in A.R.S. § 32-701.

R4-1-455.02. Professional Conduct: Confidentiality; Records DispositionCompetence and Technical Standards

- ~~A. Confidential client information: A certified public accountant, public accountant, or firm shall not disclose confidential information obtained in the course of a professional engagement except with the consent of the client. This requirement shall not be construed to:

 - ~~1. Relieve a certified public accountant, public accountant, or firm of the obligations under R4-1-455.01(B) and (C);~~
 - ~~2. Affect the certified public accountant’s, public accountant’s, or firm’s compliance with a validly issued subpoena or summons enforceable by order of a court;~~
 - ~~3. Prohibit review of a certified public accountant’s, public accountant’s, or firm’s professional practices as a part of a peer or quality review conducted under Board decision or authority; or~~
 - ~~4. Preclude a certified public accountant, public accountant, or firm from responding to an inquiry made by the Board under state statutes.~~~~
- ~~B. Records disposition responsibility: A certified public accountant, public accountant, or firm shall furnish to a client, or former client, upon request, within a reasonable time after original issuance:~~



1. ~~A copy of any tax returns prepared for the client;~~
 2. ~~A copy of any reports, or other documents, that were previously issued to the client; and~~
 3. ~~Any accounting or other records belonging to the client that the certified public accountant, public accountant, or firm may have removed from the client's premises, or received for the client's account. The certified public accountant, public accountant, or firm may make a copy of the documents if the documents form the basis for work done by the certified public accountant, public accountant, or firm.~~
- A.** In reporting on financial statements for which a registrant has performed attest services (as defined in A.R.S. § 32-701) any of the following will constitute a violation of A.R.S. § 32-741(A)(4):
1. In an audit engagement, failing to:
 - a. Prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand:
 - i. The nature, timing, and extent of the audit procedures performed;
 - ii. The results of the audit procedures performed, and the audit evidence obtained; and
 - iii. Significant findings or issues arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions;
 - b. Obtain sufficient appropriate evidence to conclude that the financial statements taken as a whole are free from material misstatement; or
 - c. Modify the opinion in the auditor's report when:
 - i. The financial statements as a whole are materially misstated; or
 - ii. Sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement has not been obtained.
 2. In a review engagement, failing to:
 - a. Accumulate sufficient review evidence to provide a reasonable basis for obtaining limited assurance that there are no material modifications that should be made to the financial statements in order to be in conformity with the applicable financial reporting framework; or
 - b. Modify the accountant's review report for a departure from the applicable financial reporting framework, including inadequate disclosure, that is material to the financial statements.
 3. In an examination of prospective financial statements engagement, failing to:
 - a. Obtain sufficient evidence to provide a reasonable basis for the conclusion that is expressed in the report; or
 - b. Modify the report when:
 - i. One or more significant assumptions do not provide a reasonable basis for the prospective financial statements; or
 - ii. The examination is affected by conditions that preclude application of one or more procedures considered necessary in the circumstances.
- B.** The provisions of this subsection are not intended to be all inclusive or to limit the application of A.R.S. § 32-741(A)(4).
- R4-1-455.03. Professional Conduct: ~~Other~~ Specific Responsibilities and Practices**
- A.** ~~Discreditable acts: A certified public accountant, public accountant, or firm in addition to any other acts prohibited by any standards incorporated in these rules, a registrant shall not commit an act that reflects adversely on the certified public accountant's, public accountant's, or firm's registrant's fitness to engage in the practice of public accounting, including and without limitation:~~
1. ~~Violating a provision of R4-1-455, R4-1-455.01, R4-1-455.02, R4-1-455.03 or R4-1-455.04;~~
 2. ~~Violating a fiduciary duty or trust relationship with respect to any person; or~~
 3. ~~Violating a provision of A.R.S. Title 32, Chapter 6, Article 3, or this Chapter.~~
- B.** ~~Advertising practices and solicitation practices: A certified public accountant, public accountant, or firm registrant has violated A.R.S. § 32-741(A)(4) and engaged in dishonest or fraudulent conduct in the practice of public accounting in connection with the communication or advertising or solicitation of public accounting services through any media, if the certified public accountant, public accountant, or firm registrant willfully engages in any of the following conduct:~~
1. ~~Employs a device, scheme, or artifice to defraud;~~
 2. ~~Makes an untrue statement of material fact or fails to state a material fact necessary to make the statement not misleading;~~
 3. ~~Engages in any advertising that would operate as a fraud or deceit;~~
 4. ~~Violates A.R.S. § 44-1522 and a court finds the violation willful;~~
 5. ~~Engages in fraudulent or misleading practices in the advertising of public accounting services that leads to a conviction pursuant to A.R.S. § 44-1481; or~~
 6. ~~Engages in fraudulent practices in the advertising of public accounting services that leads to a conviction for a violation of any other state or federal law.~~
- C.** ~~Solicitation practices: A certified public accountant, public accountant, or firm has violated A.R.S. § 32-741(A)(4) and engaged in dishonest or fraudulent conduct in the practice of public accounting in connection with the direct or indirect personal solicitation of public accounting services if the certified public accountant, public accountant, or firm willfully engages in any of the following:~~
1. ~~Violates a provision of R4-1-455.03(B); or~~
 2. ~~Engages in direct or indirect personal solicitation through the use of coercion, duress, undue influence, compulsion, or intimidation practices.~~
- D-C.** ~~Form of practice and name~~
1. ~~A certified public accountant or public accountant may practice public accounting, whether as an owner or employee, only in a firm as defined in A.R.S. § 32-701(14).~~
 2. ~~A certified public accountant or public accountant registrant shall not use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers, or shareholders of the firm, or about any other matter. A firm name or designation shall not include words such as "& Company," "& Associates," or "& Consultants" unless the terms refer to additional full-time CPAs that are not otherwise mentioned in the firm name.~~



- ~~E.~~ ~~Acting through others: A certified public accountant or public accountant shall not knowingly permit others to carry out on behalf of the certified public accountant or public accountant, either with or without compensation, acts which, if carried out by the certified public accountant or public accountant, would violate a provision of R4-1-455, R4-1-455.01, R4-1-455.02, R4-1-455.03 or R4-1-455.04.~~
- ~~F.D.~~ ~~Communications: When requested, a certified public accountant or public accountant registrants shall respond, in writing, to communications from the Board within 30 days of the date of the mailing of such after the communication is mailed by registered or certified mail.~~
- ~~E.~~ ~~The provisions of R4-1-455.03(A) through (C) are not intended to be all inclusive or to limit the application of any standards incorporated by R4-1-455.~~

R4-1-455.04. Professional Conduct: ~~Interpretations~~Records Disposition

The Board shall find interpretations of the Code of Professional Conduct adopted by the American Institute of Certified Public Accountants persuasive but not conclusive in the Board's interpretations of R4-1-455, R4-1-455.01, R4-1-455.02, or R4-1-455.03. Document retention policies. Except as set forth in A.R.S. § 32-744(D), a registrant may retain and dispose of documents prescribed in A.R.S. § 32-744(C) in compliance with a reasonable document retention policy.

**NOTICE OF PROPOSED RULEMAKING
TITLE 15. REVENUE
CHAPTER 10. DEPARTMENT OF REVENUE – GENERAL ADMINISTRATION**

[R16-278]

PREAMBLE

- 1. Article, Part, or Section Affected (as applicable)**

R15-10-301	Amend
R15-10-302	Amend
R15-10-303	Amend
R15-10-304	Amend
R15-10-305	Amend
R15-10-306	Amend
- 2. Citations to the agency's statutory rulemaking authority to include the authorizing statute (general), the implementing statute (specific):**

Authorizing statute: A.R.S. § 42-1005(A)(1).
Implementing statute: A.R.S. §§ 42-1129(A), 42-3053(B), § 42-5015.
- 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: 23 A.A.R. 138, January 13, 2017 (*in this issue*).
- 4. The agency's contact person who can answer questions about the rulemaking:**

Name: Christie Comanita
Address: Department of Revenue
1600 W. Monroe St. Div. Code 3
Phoenix, AZ 85007
Telephone: (602) 716-6791
Fax: (602) 716-7995
E-mail: ccomanita@azdor.gov
Web site: http://www.azdor.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 Department's justifications and reasons for making or amending the rules addressed by this Notice are as follows:
Title 15 Chapter 10 Article 3 of the Arizona Administrative Code ("A.A.C.") promulgates rules that provide details of the procedure by which taxpayers may make electronic payment to the Department for various tax types. Generally, those rules require that taxpayers owing certain types of taxes over a specific threshold amount make payments by electronic means. A.R.S. § 42-1129(A) sets out the threshold amount (currently an annual tax liability of \$20,000) over which the Department may make rules to require electronic payment of taxes. Some of the rules are outdated and only require certain tax types to pay electronically. In addition, as of January 2017 the Department becomes the single point of processing of tax returns including tax payments for municipalities and had to implement a new system through which returns were filed and payments made. As a result, the Department is updating the rules to eliminate outdated rules related to the payment of taxes by electronic means and to supplement existing rules to make it easier for taxpayers to pay their taxes to the Department of revenue through its online system. Additionally, the rules will expand the tax types required to remit payment electronically and allow certain other tax types that fall below the threshold amount to use the electronic payment system. The changes amend and remove rule language that is ambiguous, outmoded, or otherwise imprecise in explaining the Department's current position to affected taxpayers. Notably, the amending language:

 - Removes language that referred to the old system whereby the Department contracted with third party data collection centers to process electronic payments on its behalf as that system is no longer used;
 - Includes language to refer to the Department's new electronic payment system through the use of the Department's web site,



AZTaxes.gov and the luxury tax web site ALTO;

- Removes language that is no longer applicable as a result of lapse of time;
- Broadens the tax types and threshold amounts subject to payment by electronic means;
- Broadens the tax types that can voluntarily participate in electronic payments and provide the procedures to be followed.

The benefits of this rulemaking include the following:

- Reducing the time taken to process remittances from taxpayers to the Department;
- Reducing the time taken to process refunds by the Department to taxpayers;
- Reducing the risk associated with payments getting lost or misplaced as a result of the use of the mail system or when processing payments internally;
- Enabling the Department to better handle its cash flow and inter-governmental payments.

R15-10-301. R15-10-301 defines terms used in the rule. There are some definitions that should be included because of use of the new system being used to process electronic payments. As a result the Department is amending R15-10-301 to exclude the definition and concepts related to the data collection center which is no longer used to process electronic payments and to add the definition of AZTaxes.gov and ALTO which are the new Department portals through which electronic tax payments may be initiated and processed.

R15-10-302. A.R.S. § 42-1129 permits the Department to issue rules to mandate that any taxpayer that owed \$20,000 or more for the preceding taxable year in connection with any tax administered by the Department (except individual income tax) to pay the tax liability on or before the payment date prescribed by law electronically. R15-10-302 expands the tax types that the Department previously required to remit payment electronically to include transaction privilege tax and tobacco tax. R15-10-302 now requires taxpayers with transaction privilege tax annual liability of over \$20,000 to remit tax payments electronically. In addition, it requires taxpayers with withholding tax liability of over \$20,000 annually (previously \$80,000 annually or \$20,000 quarterly) to remit tax payments electronically.

R15-10-303. R15-10-303 allows taxpayers that do not meet the \$20,000 tax liability threshold amount and taxpayers with liquor tax liability of any amount to participate in the electronic payment process.

R15-10-304. R15-10-304 alters the type of information included in the ACH debit authorization agreement to reflect the current requirements.

R15-10-305. R15-10-305 expands the methods permitted for electronic payments to include the Department's new payment portals on AZTaxes.gov and ALTO. It also allows payors to remit payment via wire transfer as is done now on a regular basis and remove the requirement for payors to state a reason why payment cannot be remitted through ACH debit or credit.

R15-10-306. R15-10-306 amends the procedure for initiating electronic payment of taxes to include the Department's AZTaxes.gov and ALTO portals and to remove references to the old data collection center procedures.

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:

Not applicable

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, if applicable:

Data used in preparation of the economic, small business, and consumer impact statement includes figures based on current EFT filers and the projected increase in the number of filers due to the lowering of the liability threshold and the addition of other tax types. Benefits will accrue to the state general fund. Compliance by entities not already required to remit by means of electronic funds transfer will necessitate a change in payment methods and may involve changes in processing and accounting systems. It is expected that the benefits of the rule will be greater than the costs.

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

Name: Christie Comanita
 Address: Department of Revenue
 1600 W. Monroe St. Div. Code 3
 Phoenix, AZ 85007
 Telephone: (602) 716-6791
 Fax: (602) 716-7995
 E-mail: ccomanita@azdor.gov
 Web site: http://www.azdor.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:

Persons may submit questions or comments in writing to the contact person listed in section 4 of this Notice of Proposed Rulemaking within 30 days after publication hereof.



- 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 A.R.S. §41-1055 shall respond to the following questions:**
 - 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 federal law:**
Not applicable
 - c. Whether a person submitted an analysis to the agency that compares the rule’s impact of the competitive-ness of business in this state to the impact on business in other states:**
Not applicable
- 12. A list of any incorporated by reference material as specified in A.R.S. §41-1028 and its location in the rule:**
Not applicable
- 13. The full text of the rules follows:**

TITLE 15. REVENUE

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

ARTICLE 3. AUTHORIZED TRANSMISSION OF FUNDS

Section

- R15-10-301. Definitions
- R15-10-302. General Requirements
- R15-10-303. Voluntary Participation
- R15-10-304. Authorization Agreement
- R15-10-305. Methods of Electronic Funds Transfer
- R15-10-306. Procedures for Payment

ARTICLE 3. AUTHORIZED TRANSMISSION OF FUNDS

R15-10-301. Definitions

The following definitions apply for purposes of this Article:

- 1. “ACH” means an automated clearing house that is a central distribution and settlement point for the electronic clearing of debits and credits between financial institutions.
- 2. “ACH credit” means an electronic funds transfer generated by a payor, cleared through an ACH for deposit to the Department account.
- 3. “ACH debit” means an electronic transfer of funds from a payor’s account, as indicated on a signed authorization agreement, that is generated at a payor’s instruction on AZTaxes.gov and cleared through an ACH for deposit to the Department account.
- 4. “Addenda record” means the information required by the Department in an ACH credit transfer or wire transfer, in the approved electronic format prescribed in R15-10-306(B).
- 5. “ALTO” is the Arizona Luxury Tax Online web site and means the Department’s luxury taxpayer service center web site that provides luxury taxpayers with the ability to conduct transactions, make electronic funds transfer payments and review tax account information over the internet.
- ~~5-6.~~ “Authorized means of transmission” means the deposit of funds into the Department account by electronic funds transfer.
- 7. “AZTaxes.gov” means the Department’s taxpayer service center web site that provides taxpayers with the ability to conduct transactions, make electronic funds transfer payments and review tax account information over the internet.
- ~~6-8.~~ “Cash Concentration or Disbursement plus” or “CCD plus” means the standardized data format approved by the National Automated Clearing House Association for remitting tax payments electronically.
- 7. ~~“Data Collection Center” means a third party who, under contract with the Department, collects and processes electronic funds transfer payment information from payors.~~
- ~~8-9.~~ “Department” means the Arizona Department of Revenue.
- ~~9-10.~~ “EFT Program” means the payment of taxes by electronic funds transfer as specified by this Article.
- ~~10-11.~~ “Electronic Funds Transfer” or “EFT” ~~means any transfer of funds initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape~~ the electronic transfer of funds from one bank account to another via computer based systems, where the person initiating the transfer orders, instructs, or authorizes a financial institution to debit or credit an account using the methods specified in these rules.
- ~~11-12.~~ “Financial institution” means a state or national bank, a trust company, a state or federal savings and loan association, a mutual savings bank, or a state or federal credit union.
- ~~12-13.~~ “Payment information” means the data that the Department requires of a payor making an electronic funds transfer payment.
- ~~13-14.~~ “Payor” means a taxpayer or payroll service.
- 14. ~~“Payor information number” means a confidential code assigned to identify the payor and allow the payor to communicate payment information to the Data Collection Center.~~
- 15. “Payroll service” means a third party, under contract with a taxpayer to provide tax payment services on behalf of the taxpayer.
- 16. “State Servicing Bank” means a bank designated under A.R.S. Title 35, Chapter 2, Article 2.
- 17. “Tax type” means a tax that is subject to electronic funds transfer, each of which shall be considered a separate category of payment.



18. “Wire transfer” or “Fedwire” means an instantaneous electronic funds transfer initiated by a payor.

R15-10-302. General Requirements

- A.** For tax periods beginning on or after January 1, 1993, the following taxpayers shall remit the following tax payments:
1. Taxpayers who, under A.R.S. Title 43, Chapter 4, had an average Arizona quarterly withholding tax liability during the prior tax year of \$100,000 or more shall remit Arizona withholding tax payments by an authorized means of transmission;
 2. Corporations which had an Arizona income tax liability during the prior tax year of \$100,000 or more shall remit Arizona estimated income tax payments by an authorized means of transmission.
- B.** For tax periods beginning on or after January 1, 1994, the following taxpayers shall remit the following tax payments:
1. Taxpayers who, under A.R.S. Title 43, Chapter 4, had an average Arizona quarterly withholding tax liability during the prior tax year of \$50,000 or more shall remit Arizona withholding tax payments by an authorized means of transmission;
 2. Corporations which had an Arizona income tax liability during the prior tax year of \$50,000 or more shall remit Arizona estimated income tax payments by an authorized means of transmission.
- ~~**C.A.** For tax periods beginning on or after January 1, 1997, the following taxpayers shall remit the following tax payments:~~
1. Taxpayers who, under A.R.S. Title 43, Chapter 4, had an average Arizona quarterly withholding tax liability during the prior tax year of \$20,000 or more shall remit Arizona withholding tax payments by an authorized means of transmission;
 2. Corporations which had an Arizona income tax liability during the prior tax year of \$20,000 or more shall remit Arizona estimated income tax payments by an authorized means of transmission.
- B.** For tax periods beginning on or after July 1, 2017, taxpayers who, under A.R.S. Title 43, Chapter 4, had an average Arizona quarterly withholding tax liability during the prior tax year of \$5,000 or more shall remit Arizona withholding tax payments by an authorized means of transmission.
- ~~**D.C.** The average Arizona quarterly withholding tax liability is determined by dividing the taxpayer’s total Arizona withholding tax liability for the calendar year by 4.~~
- E.** For tax periods beginning on or after July 1, 1997, taxpayers who, under A.R.S. Title 42, Chapters 8, 8.1, 8.2, 8.3, 9.1, and 9.2 had an annual tax liability during the prior calendar year of \$1 million or more shall remit these tax payments by an authorized means of transmission.
- D.** For tax periods beginning on and after July 1, 2017, any taxpayer who under A.R.S. Title 42 Chapter 5 and Chapter 6, Articles 1 and 3, had an annual tax liability during the prior calendar year of \$20,000 or more shall remit these tax payments by an authorized means of transmission.
- E.** For tax periods after July 1, 2015, tobacco tax taxpayers are required to remit tobacco tax payments by an authorized means of transmission.

R15-10-303. Voluntary Participation

- A.** For tax periods beginning on or after January 1, 1993, a taxpayer who, during the prior tax year, had a corporate income tax liability or an average quarterly withholding tax liability of less than \$100,000 may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- B.** For tax periods beginning on or after January 1, 1994, a taxpayer who, during the prior tax year, had a corporate income tax liability or an average quarterly withholding tax liability of less than \$50,000 may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- ~~**C.A.** For tax periods beginning on or after January 1, 1997, a taxpayer who, during the prior tax year, had a corporate income tax liability or an average quarterly withholding tax liability of less than \$20,000 may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.~~
- D.** For tax periods beginning on or after July 1, 1997, a taxpayer who, under A.R.S. Title 42, Chapters 8, 8.1, 8.2, 8.3, 9.1, and 9.2 had an annual tax liability during the prior calendar year, of less than \$1 million dollars may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- B.** For tax periods beginning on or after July 1, 2017, a taxpayer who, during the prior tax year, had an average quarterly withholding tax liability of less than \$5,000 may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- ~~**E.C.** For tax periods beginning on and after January 1, 1999, July 1, 2017, any taxpayer who has a luxury liquor tax liability may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.~~
- D.** For tax periods beginning on and after July 1, 2017, any taxpayer who under Title 42 Chapter 5 and Chapter 6, Articles 1 and 3, had an annual tax liability of less than \$20,000 during the prior calendar year may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- F.E.** A taxpayer authorized to participate in the EFT Program shall provide at least 30 days prior written notice to the Department if the taxpayer elects to cease voluntary participation in the EFT Program.

R15-10-304. Authorization Agreement

- A.** The payor shall register for an account and complete an electronic funds transfer authorization agreement on AZTaxes.gov, ALTO or ACH Credit Form prescribed by the Department, as applicable, or such other in the form prescribed by the Department at least 30 days prior to initiation of the first applicable transaction. The form shall include the following information:
1. Name and address of the taxpayer;
 2. The taxpayer’s tax identification number including a federal identification number, withholding tax identification number, transaction privilege tax identification number or other tax identification number, as appropriate;
 2. Federal identification number of the taxpayer;
 3. Withholding number of the taxpayer, if applicable;
 4. Transaction privilege tax license number of taxpayer, if applicable;
 5. Type of action being taken;



- 6. Tax type;
- 7. Method of payment;
- 8-3. Name and phone number of taxpayer's EFT contact person;
- 9-4. Name and address of any payroll service, if applicable;
- 10-5. Name and phone number of the payroll service's EFT contact person;
- 11. Financial institution name and address;
- 12. Type of bank account;
- 13. Name on bank account;
- 14. Bank account number; and;
- 15. Bank routing transit number.
- 6. For payments initiated on AZTaxes.gov or ALTO, the information must include the type of bank account, the bank account number and the bank routing transit number.

B. A payor shall submit a revised authorization agreement to the Department at least 30 days prior to any change in the information required in subsection (A).

R15-10-305. Methods of Electronic Funds Transfer

- A. Payors shall use the ACH debit transfer method available through registration on AZTaxes.gov or ALTO to remit payment by electronic funds transfer unless the Department grants permission to use the ACH credit method.
- B. The Department may authorize under a form prescribed by the Department in R15-10-304 the use of the ACH credit method for payors desiring to use this method. A payor that chooses to use the ACH credit method shall provide the payment information required in R15-10-306(B)(2).
- C. The Department may withdraw permission to use the ACH credit method of payment if the payor shows disregard for the requirements and specifications of these rules by failing to:
 - 1. Make timely electronic funds transfer payments,
 - 2. Provide timely payment information,
 - 3. Provide the required addenda record with the electronic funds transfer payment, or
 - 4. Make correct payment.
- D. Payors who, ~~for reasons beyond their control,~~ are unable to use their established method of payment may request that the Department accept deposits to the Department account via wire transfer in accordance with the following:
 - 1. The payor shall contact the Department, ~~state the reason which prevents timely compliance under either the ACH debit method or ACH credit method,~~ and obtain verbal approval to wire transfer the tax payment to the Department account prior to initiating the transmission.
 - 2. Approved wire transfers shall be accompanied by an addenda record, that includes the same information required for ACH credit transfers under R15-10-306(B)(2).

R15-10-306. Procedures for Payment

- A. Payors using the ACH Debit Method shall ~~report payment information to the Data Collection Center log in to their account on AZTaxes.gov or ALTO as appropriate and, unless registering for the first time, shall arrange for electronic payment of the applicable taxes no later than the time prescribed by the State Servicing Bank AZTaxes.gov or ALTO on the last business day before the due date of the payment.~~ Payment information shall be communicated by one of the following means: automatically to the Department through AZTaxes.gov or ALTO, as applicable, once payment arrangements have been made by payors and accepted by AZTaxes.gov or ALTO.
 - a. ~~Operator assisted communication of payment information made orally by rotary or touch tone telephone,~~
 - b. ~~Touch tone communication of payment information made by entering data via key pad of a touch tone telephone, or~~
 - e. ~~Computer terminal linked with the Data Collection Center.~~
- 2. ~~Payors shall communicate the following payment information to the Data Collection Center:~~
 - a. ~~Payor information number,~~
 - b. ~~Taxpayer identification number,~~
 - e. ~~Tax type,~~
 - d. ~~Payment amount,~~
 - e. ~~Tax period,~~
 - f. ~~Payment due date, and~~
 - g. ~~Payment sequence number.~~
- B. Payors authorized to use the ACH credit method shall initiate payment transactions directly with a financial institution in a timely manner to ensure that the payment is deposited to the Department account on or before the payment due date.
 - 1. All ACH credit transfers shall be in the CCD-plus addenda format. Payments not in this format may be rejected.
 - 2. The addenda format, as specified in subsection (B)(1), shall include the following information:
 - a. Taxpayer identification number,
 - b. Tax type,
 - c. Payment amount,
 - d. Tax period,
 - e. Payment sequence number,
 - f. ~~g.~~ Taxpayer verification number,
 - g. ~~f.~~ Department account number, and
 - h. ~~g.~~ American Bank Association 9-digit number of the receiving bank.



- 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):**
Not applicable
- 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
R2-20-101. Definitions

ARTICLE 1. GENERAL PROVISIONS

R2-20-101. Definitions

In addition to the definitions provided in A.R.S. §§ ~~16-901~~ and 16-961, the following shall apply to the Chapter, unless the context otherwise requires:

- 1. No change
- 2. No change
- 3. “Campaign account” means an account at a financial institution designated by a political committee that is used solely for political campaign purposes ~~as required in A.R.S. § 16-902(C).~~
- 4. No change
- 5. No change
- 6. No change
- 7. No change
- 8. No change
- 9. No change
- 10. No change
- 11. No change
- 12. No change
- 13. No change
- 14. No change
- 15. No change
- 16. No change
- 17. No change
- 18. No change
- 19. No change
- 20. No change
- 21. No change



- 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):
Not applicable
- 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
R2-20-104. Certification as a Participating Candidate

ARTICLE 1. GENERAL PROVISIONS

R2-20-104. Certification as a Participating Candidate

- A. A nonparticipating candidate who accepts contributions up to the limits authorized by A.R.S. § ~~16-905-16-941(B)~~, but later chooses to run as a participating candidate, shall:
 - 1. No change
 - 2. No change
 - 3. No change
 - 4. Not have ~~spent contributions~~ made expenditures exceeding the early contribution limit, or have spent any part of a contribution exceeding the early contribution limit;
 - 5. No change
 - 6. Return all contributions received from another candidate's candidate committee.
- B. No change
 - 1. Transferring money from the prior campaign account to the candidate's current election campaign account. The amount transferred shall not exceed the permitted personal monies, early contributions, and debt-retirement contributions, as defined in A.R.S. § 16-945(C), and shall contain contributions received from individuals only;
 - 2. Spending the money lawfully prior to April 30 of an election year in a way that does not constitute a direct campaign purpose and does not meet the definition of "expenditure" under A.R.S. § 16-901(~~§24~~); and the event or item purchased is completed or otherwise used and depleted prior to April 30 of an election year;
 - 3. No change
 - 4. ~~Disposing of the money in accordance with A.R.S. § 16-915.01;~~ or
 - 45. No change



Updates rule to reflect expansion of electronic qualifying system, 2016 Ariz. Sess. Law, Chapter 176 (52d Legislature). The Commission's rulemakings are exempt from Title 41, Ch. 6, Article 3, pursuant to A.R.S. § 16-956. These rule amendments are primarily the result of SB1516 (2016). SB 1516 contains provisions that raise serious questions under the Arizona and U.S. Constitutions. Among other things, SB 1516 includes provisions that attempt to preempt the Commission's rulemaking authority (A.R.S. § 16-901(42)), narrow the definitions of expenditure and contribution and eliminate the definition of political committee adopted by the Clean Elections Act in 1998, raising serious constitutional questions under the Voter Protection Act of the Arizona Constitution. The Commission does not, by adopting these rules, waive any legal objection to the enactment of laws that violate the Voter Protection Act. Rather, it adopts these rules in the interest of harmonizing the Commission's rules with the existing statutes in order to avoid confusion within the regulated community and encourage consistency between the Commission's rules and the policies of other election-related offices. In addition to the VPA issues, the provisions of SB 1516 raise questions of equal protection regarding the treatment of corporations registered in Arizona that also have 501 status with the IRS and questions under Article 7, §. 16 of the Arizona Constitution regarding the publication of campaign contributions and expenditures. The Commission notes these issues for the record, but again, seeks as much as possible to harmonize its rules. The Commission retains its full authority to enforce Article 2 of Chapter 6 of Title 16 consistent with the terms of the statute, as well as the court interpretations which confirm its plain terms.

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):**

Not applicable

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

R2-20-105. Certification for Funding

ARTICLE 1. GENERAL PROVISIONS

R2-20-105. Certification for Funding

A. No change

B. No change

C. A candidate may accept electronic \$5 qualifying contributions up to a maximum of 50% of the minimum number required to qualify for funding for the elected office sought by the candidate. The Secretary of State's secured internet portal must be used to collect electronic \$5 qualifying. A \$5 contribution must accompany every \$5 qualifying contribution form and must be submitted via the Secretary of State's portal using a private electronic payment service, specified by the Secretary of State's Office, bank account, credit or



adopted by the Clean Elections Act in 1998, raising serious constitutional questions under the Voter Protection Act of the Arizona Constitution. The Commission does not, by adopting these rules, waive any legal objection to the enactment of laws that violate the Voter Protection Act. Rather, it adopts these rules in the interest of harmonizing the Commission's rules with the existing statutes in order to avoid confusion within the regulated community and encourage consistency between the Commission's rules and the policies of other election-related offices. In addition to the VPA issues, the provisions of SB 1516 raise questions of equal protection regarding the treatment of corporations registered in Arizona that also have 501 status with the IRS and questions under Article 7, §. 16 of the Arizona Constitution regarding the publication of campaign contributions and expenditures. The Commission notes these issues for the record, but again, seeks as much as possible to harmonize its rules. The Commission retains its full authority to enforce Article 2 of Chapter 6 of Title 16 consistent with the terms of the statute, as well as the court interpretations which confirm its plain terms.

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):

Not applicable

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 R2-20-107. Candidate Debates

ARTICLE 1. GENERAL PROVISIONS

R2-20-107. Candidate Debates

- A. No change
- B. In the primary election period, the Commission shall sponsor political party primary election debates for every office in which:
 - 1. There are more candidates appearing on the ballot than there are seats available at least two candidates of for the political party's nomination for general election candidates, and
 - 2. No change
- C. No change
 - 1. No change
 - 2. No change
- D. In the event that there is no participating candidate in a primary or general election but there is an election involving candidates who are not unopposed, subject to invitation pursuant to this rule, the following apply:



Provides for the Executive Director to take steps to implement a substitute reporting process for independent expenditures when the system provided by the Secretary of State is unavailable or a portion is unavailable. Provides that campaign finance reports pursuant to A.R.S. 16-941(D) and 16-958 shall be filed by all persons who make independent expenditures and details statutory penalties for failure to file such reports. Clarifies that entities required to file campaign finance reports pursuant to Chapter 6 of Title 16 are subject to fine pursuant to Article 2 of Chapter 6 (the Clean Elections Act) unless the report is required of political committees and the entity is not a political committee. Specifically provides that an entity will not be determined to be a political committee if it is in compliance with certain federal tax and Arizona corporate laws, according to the Internal Revenue Service and the Arizona Corporation Commission, respectively. Removes sections related to exemptions from A.R.S. 16-941 and 16-958 because the basis for those exemptions, A.R.S. 16-914.02, has been repealed. The Commission's rulemakings are exempt from Title 41, Ch. 6, Article 3, pursuant to A.R.S. § 16-956. These rule amendments are primarily the result of SB1516 (2016). SB 1516 contains provisions that raise serious questions under the Arizona and U.S. Constitutions. Among other things, SB 1516 includes provisions that attempt to preempt the Commission's rulemaking authority (A.R.S. § 16-901(42)), narrow the definitions of expenditure and contribution and eliminate the definition of political committee adopted by the Clean Elections Act in 1998, raising serious constitutional questions under the Voter Protection Act of the Arizona Constitution. The Commission does not, by adopting these rules, waive any legal objection to the enactment of laws that violate the Voter Protection Act. Rather, it adopts these rules in the interest of harmonizing the Commission's rules with the existing statutes in order to avoid confusion within the regulated community and encourage consistency between the Commission's rules and the policies of other election-related offices. In addition to the VPA issues, the provisions of SB 1516 raise questions of equal protection regarding the treatment of corporations registered in Arizona that also have 501 status with the IRS and questions under Article 7, §. 16 of the Arizona Constitution regarding the publication of campaign contributions and expenditures. The Commission notes these issues for the record, but again, seeks as much as possible to harmonize its rules. The Commission retains its full authority to enforce Article 2 of Chapter 6 of Title 16 consistent with the terms of the statute, as well as the court interpretations which confirm its plain terms.

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):**

Not applicable

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. Independent Expenditure Reporting Requirements



ARTICLE 1. GENERAL PROVISIONS

R2-20-109. Independent Expenditure Reporting Requirements

- A. In accordance with A.R.S. § 16-958(E), all persons obligated to file any campaign finance report under any provisions of Chapter 6, Article 2 of the Arizona Revised Statutes shall file such reports using the Secretary of State's Internet-based finance-reporting system, except if:
- (1) ~~expressly~~ Expressly provided otherwise by another Commission rule; or
 - (2) That system, or the necessary function on the system, is unavailable, in which case the executive director shall implement a substitute process.
- B. No change
1. No change
 2. Any person who fails to file: ~~a~~ a timely campaign finance report pursuant to A.R.S. § 16-941(D), A.R.S. § 16-958, shall be subject to a civil penalty as prescribed in A.R.S. § 16-942(B). Subsection R2-20-109(B)(4) does not apply to reports pursuant to A.R.S. §§ 16-941(D) and -958 or this subsection. Any expenditure advocating against one or more candidates shall be considered an expenditure on behalf of any opposing candidate(s). 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 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.
 - e. Penalties imposed pursuant to this subsection shall not exceed twice the amount of expenditures not reported.
 - b. ~~A timely campaign finance report pursuant A.R.S. § 16-943, shall be subject to a civil penalty as prescribed in A.R.S. § 16-942(B), except as provided in A.R.S. 16-922(2).~~
 3. A.R.S. § 16-942(B) applies to any entity including political committees that accepts contributions or makes expenditures on behalf of any candidate regardless of any other contributions taken or expenditures made and fails to timely file a campaign finance report under Chapter 6 of Title 16, Arizona Revised Statutes. Any expenditure advocating against one or more candidates shall be considered an expenditure on behalf of any opposing candidate(s). Penalties shall be assessed as follows:
 - a. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 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).~~
 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.~~
 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. For purposes of this rule A.A.C. R2-20-109(B)(3):
 - a. An entity shall not be found to have the predominant purpose of influencing elections be a political committee under A.R.S. § 16-901(210)(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, in any combination, in a calendar year exceeds \$1,000 exceeds both \$500 and is more than fifty percent (50%) of the entity's total spending during the election cycle.
 - i. No change
 - ii. No change
 - iii. No change
 - (1) No change
 - (2) No change
 - iv. No change
 - v. No change
 - (1) No change
 - (2) No change
 - b. Notwithstanding subsection a-(a), 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.

NOTICES OF FINAL EXEMPT RULEMAKING
TITLE 2. ADMINISTRATION
CHAPTER 20. CITIZENS CLEAN ELECTIONS COMMISSION

[R16-284]

PREAMBLE

1. **Article, Part or Section Affected (as applicable)** **Rulemaking Action**
 R2-20-110 Amend
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:**
 Authorizing statute: A.R.S. § 16-940, et seq.
 Implementing statute and statute authorizing the exemption: A.R.S. § 16-956(C).
 The Citizens Clean Elections Commission is exempt from Executive Order 15-01 because it is not an agency whose head is appointed by the Governor and is, therefore, exempt.
3. **The effective date of the rule and the agency's reason it selected the effective date:**
 January 1, 2017
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:**
 Notice of Proposed Exempt Rulemaking: 22 A.A.R. 3096, October 28, 2016
5. **The agency's contact person who can answer questions about the rulemaking:**
 Name: Thomas M. Collins, Executive Director
 Address: Citizens Clean Elections Commission
 1616 W. Adams St., Suite 110
 Phoenix, AZ 85007
 Telephone: (602) 364-3477
 Fax: (602) 364-3487
 E-mail: thomas.collins@azcleelections.gov
6. **An agency's justification and reason why a rule should be made, amended, repealed, or renumbered to include an explanation about the rulemaking:**
 R2-20-110. Participating Candidate Reporting Requirements
 Updates rule to remove antiquated cross-references. Reorganizes section on certain expenses into this section from R2-20-703. Provides for a post-general election report for participating candidates to ensure monies owed to the Clean Elections Fund are returned and properly used. These rule amendments are primarily the result of SB1516 (2016). SB 1516 contains provisions that raise serious questions under the Arizona and U.S. Constitutions. Among other things, SB 1516 includes provisions that attempt to preempt the Commission's rulemaking authority (A.R.S. § 16-901(42)), narrow the definitions of expenditure and contribution and eliminate the definition of political committee adopted by the Clean Elections Act in 1998, raising serious constitutional questions under the Voter Protection Act of the Arizona Constitution. The Commission does not, by adopting these rules, waive any legal objection to the enactment of laws that violate the Voter Protection Act. Rather, it adopts these rules in the interest of harmonizing the Commission's rules with the existing statutes in order to avoid confusion within the regulated community and encourage con-



sistency between the Commission’s rules and the policies of other election-related offices. In addition to the VPA issues, the provisions of SB 1516 raise questions of equal protection regarding the treatment of corporations registered in Arizona that also have 501 status with the IRS and questions under Article 7, § 16 of the Arizona Constitution regarding the publication of campaign contributions and expenditures. The Commission notes these issues for the record, but again, seeks as much as possible to harmonize its rules. The Commission retains its full authority to enforce Article 2 of Chapter 6 of Title 16 consistent with the terms of the statute, as well as the court interpretations which confirm its plain terms. 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):**
Not applicable
- 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
R2-20-110. Participating Candidate Reporting Requirements

ARTICLE 1. GENERAL PROVISIONS

R2-20-110. Participating Candidate Reporting Requirements

- A. No change
 - 1. No change
 - 2. No change
 - 3. No change
 - a. No change
 - b. No change
 - c. No change
 - 4. No change
 - a. Joint expenditures must be authorized in advance by all candidates sharing in the expenditure and allocated fairly among candidates. An allocated share of a joint expenditure paid by one candidate pursuant to such an agreement must be reimbursed within seven days.
 - b. No change
 - c. No change
 - d. No change



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

R2-20-111. Non-participating Candidate Reporting Requirements and Contribution Limits

Provides that the twenty percent reduction in A.R.S. § 16-941(B) applies to all campaign contributions limits on contributions that are permitted to be accepted by candidates. Provides that contribution limits as adjusted by A.R.S. § 16-931 shall be the base level contribution limits subject to reduction pursuant to A.R.S. § 16-941(B). These rule amendments are primarily the result of SB1516 (2016). SB 1516 contains provisions that raise serious questions under the Arizona and U.S. Constitutions. Among other things, SB 1516 includes provisions that attempt to preempt the Commission's rulemaking authority (A.R.S. § 16-901(42)), narrow the definitions of expenditure and contribution and eliminate the definition of political committee adopted by the Clean Elections Act in 1998, raising serious constitutional questions under the Voter Protection Act of the Arizona Constitution. The Commission does not, by adopting these rules, waive any legal objection to the enactment of laws that violate the Voter Protection Act. Rather, it adopts these rules in the interest of harmonizing the Commission's rules with the existing statutes in order to avoid confusion within the regulated community and encourage consistency between the Commission's rules and the policies of other election-related offices. In addition to the VPA issues, the provisions of SB 1516 raise questions of equal protection regarding the treatment of corporations registered in Arizona that also have 501 status with the IRS and questions under Article 7, §. 16 of the Arizona Constitution regarding the publication of campaign contributions and expenditures. The Commission notes these issues for the record, but again, seeks as much as possible to harmonize its rules. The Commission retains its full authority to enforce Article 2 of Chapter 6 of Title 16 consistent with the terms of the statute, as well as the court interpretations which confirm its plain terms. 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):

Not applicable

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

R2-20-111. Non-participating Candidate Reporting Requirements and Contribution Limits



- 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):**
Not applicable
- 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
R2-20-112. Political Party Exception

ARTICLE 1. GENERAL PROVISIONS

R2-20-112. Political Party Exception

- A. Pursuant to A.R.S. §§ 16-901(5)(b)(v) and (8)(c), payment by a political party of the costs of preparation, printing, display, mailing or other distribution for slate cards, sample ballots, other written materials or listings of candidates that substantially promote three or more candidates for any public office for which an election is held, and other election activities not related to a specific candidate, shall not be considered a contribution or an expenditure for purposes of the Act or Commission rules. This exception is subject to the following limitations:
 - 1. "Slate card" is defined as a list that contains only:
 - a. The names, party affiliations and offices sought by the candidates;
 - b. Photographs of the candidates; and
 - c. General information regarding the date of the primary or general election; and
 - d. The location of the recipient's polling place.
 - 2. "Sample ballot" is defined as a facsimile of a ballot listing only the names, party affiliations and offices sought by the candidates, appearing substantially as they would on an actual ballot;
 - 3. "Other written materials or listings of candidates that substantially promote three or more candidates" are defined as materials that contain one or more of the elements of a slate card, in addition to statements and/or images describing the platform of the sponsoring party and the position of the party's candidates, and does not feature, mention, or depict a candidate or candidates of another party;
 - 4. "Other election activities not related to a specific candidate" includes invitations to party sponsored events, issue canvassing, and voter registration efforts;
 - 5. "Billboards" are defined as outdoor signs that are larger than thirty two square feet in size.
 - 6. The exception set forth in Subsection (A) shall not apply to materials defined in 1-3 above when distributed or displayed prior to the general election period unless each candidate featured is unopposed in the primary election.



Implementing statute and statute authorizing the exemption: A.R.S. § 16-956(C).

The Citizens Clean Elections Commission is exempt from Executive Order 16-01.

- 3. The effective date of the rule and the agency’s reason it selected the effective date:**
December 15, 2016
- 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:**
Notice of Proposed Exempt Rulemaking: 22 A.A.R. 3106, October 28, 2016
- 5. The agency’s contact person who can answer questions about the rulemaking:**
Name: Thomas M. Collins, Executive Director
Address: Citizens Clean Elections Commission
1616 W. Adams St., Suite 110
Phoenix, AZ 85007
Telephone: (602) 364-3477
Fax: (602) 364-3487
E-mail: thomas.collins@azcleelections.gov
- 6. An agency’s justification and reason why a rule should be made, amended, repealed, or renumbered to include an explanation about the rulemaking:**
R2-20-402.02. Audits of Participating Statewide Candidates
Provides for audits of participating statewide legislative candidates. These rule amendments are primarily the result of SB1516 (2016). SB 1516 contains provisions that raise serious questions under the Arizona and U.S. Constitutions. Among other things, SB 1516 includes provisions that attempt to preempt the Commission’s rulemaking authority (A.R.S. § 16-901(42)), narrow the definitions of expenditure and contribution and eliminate the definition of political committee adopted by the Clean Elections Act in 1998, raising serious constitutional questions under the Voter Protection Act of the Arizona Constitution. The Commission does not, by adopting these rules, waive any legal objection to the enactment of laws that violate the Voter Protection Act. Rather, it adopts these rules in the interest of harmonizing the Commission’s rules with the existing statutes in order to avoid confusion within the regulated community and encourage consistency between the Commission’s rules and the policies of other election-related offices. In addition to the VPA issues, the provisions of SB 1516 raise questions of equal protection regarding the treatment of corporations registered in Arizona that also have 501 status with the IRS and questions under Article 7, §. 16 of the Arizona Constitution regarding the publication of campaign contributions and expenditures. The Commission notes these issues for the record, but again, seeks as much as possible to harmonize its rules. The Commission retains its full authority to enforce Article 2 of Chapter 6 of Title 16 consistent with the terms of the statute, as well as the court interpretations which confirm its plain terms. 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):**
Not applicable
- 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



- 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):
Not applicable
- 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 7. USE OF FUNDS AND REPAYMENT

Section R2-20-703. Documentation for Direct Campaign Expenditures

ARTICLE 7. USE OF FUNDS AND REPAYMENT

R2-20-703. Documentation for Direct Campaign Expenditures

- A. No change
 - 1. No change
 - 2. No change
 - 3. No change
- B. No change
- ~~C. Joint expenditures. Expenditures may be made in conjunction with other candidates, but each candidate shall pay his or her proportionate share of the cost. A candidate's payment for an advertisement, literature, material, campaign event or other activity shall be considered a joint expenditure including, but not limited to, the following criteria:

 - 1. The activity includes express advocacy of the election or defeat of more than 2 candidates;
 - 2. The purpose of the material or activity is to promote or facilitate the election of a second candidate;
 - 3. The use and prominence of a second candidate or his or her name or likeness in the material or activity;
 - 4. The material or activity includes an expression by a second candidate of his or her view on issues brought up during the election campaign;
 - 5. The timing of the material or activity in relation to the election of a second candidate;
 - 6. The distribution of the material or the activity is targeted to a second candidate's electorate; or
 - 7. The amount of control a second candidate has over the material or activity.~~
- ~~DC. No change~~



**NOTICES OF EXPIRATION OF RULES
UNDER A.R.S. § 41-1056(J)**

This section of the *Arizona Administrative Register* contains Notices of Expiration of Rules. Under A.R.S. § 41-1056(J), if an agency does not file a five-year rule review report with the Governor’s Regulatory Review Council (including a revised report); or if an agency does not file an extension before the due date of the report; or if an agency files an extension but does not submit a report

within the extension period; the rules scheduled for review expire.

The Council is required to notify the Secretary of State that the rules have expired and are no longer enforceable. The notice is published in the *Register*, and the rules are removed from the *Code*.

GOVERNOR’S REGULATORY REVIEW COUNCIL

NOTICE OF EXPIRATION OF RULES UNDER A.R.S. § 41-1056(J)

**DEPARTMENT OF AGRICULTURE
ANIMAL SERVICES DIVISION**

[R16-290]

- 1. **Agency name:** Department of Agriculture
- 2. **Title and its heading:** 3, Agriculture
- 3. **Chapter and its heading:** 2, Department of Agriculture - Animal Services Division
- 4. **Articles and their headings:** 2, Meat and Poultry Inspections
4, Animal Disease Prevention and Control
6, Health Requirements Governing Admission of Animals
- 5. **As required by A.R.S. § 41-1056(J), the Council provides notice that the following rules have expired as of December 15, 2016:**

- R3-2-205. Requirements for Designation of Rendering Plants to Produce Certified Animal Fat
- R3-2-403. Individual Identification of Swine at Market
- R3-2-621. Non-restricted Live Wildlife Cervidae
- R3-2-622. Monkeys

- 6. **Signature is of Nicole A. Ong** **Date of Signing**
/s/ Dec. 20, 2016
Nicole A. Ong
G.R.R.C. Chairwoman

GOVERNOR’S REGULATORY REVIEW COUNCIL

NOTICE OF EXPIRATION OF RULES UNDER A.R.S. § 41-1056(J)

**DEPARTMENT OF ENVIRONMENTAL QUALITY
AIR POLLUTION CONTROL**

[R16-291]

- 1. **Agency name:** Department of Environmental Quality
- 2. **Title and its heading:** 18, Environmental Quality
- 3. **Chapter and its heading:** 2, Department of Environmental Quality - Air Pollution Control
- 4. **Articles and their headings:** 17, State Hazardous Air Pollutants Program
- 5. **As required by A.R.S. § 41-1056(J), the Council provides notice that the following rules have expired as of August 26, 2016:**

- R18-2-1701. Definitions
- Table 1. State HAPs De Minimis Levels



- R18-2-1702. Applicability
- Table 2. State HAPs Minor Source Categories
- R18-2-1703. State List of Hazardous Air Pollutants
- R18-2-1704. Notice of Types and Amounts of HAPs
- R18-2-1705. Modifications; Permits; Permit Revisions
- R18-2-1706. Case-by-case HAPRACT Determination
- R18-2-1707. Case-by-case AZMACT Determination
- R18-2-1708. Risk Management Analyses
- Table 3. Acute and Chronic Ambient Air Concentrations
- R18-2-1709. Periodic Review

6. **Signature is of Nicole A. Ong** **Date of Signing**
 /s/ Dec. 20, 2016
 Nicole A. Ong
 G.R.R.C. Chairwoman

GOVERNOR’S REGULATORY REVIEW COUNCIL

NOTICE OF EXPIRATION OF RULES UNDER A.R.S. § 41-1056(J)

DEPARTMENT OF INSURANCE

[R16-292]

- 1. **Agency name:** Department of Insurance
- 2. **Title and its heading:** 20, Commerce, Financial Institutions, and Insurance
- 3. **Chapter and its heading:** 6, Department of Insurance
- 4. **Articles and their headings:** 2, Transaction of Insurance

5. **As required by A.R.S. § 41-1056(J), the Council provides notice that the following rule has expired as of December 15, 2016:**

R20-6-204. Surplus Lines Brokers’ Filing Requirements; List of Unauthorized Insurers

6. **Signature is of Nicole A. Ong** **Date of Signing**
 /s/ Dec. 20, 2016
 Nicole A. Ong
 G.R.R.C. Chairwoman



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 BOARD OF ACCOUNTANCY

[R16-293]

- | | |
|---|---|
| 1. <u>Title and its heading:</u> | 4, Professions and Occupations |
| <u>Chapter and its heading:</u> | 1, Board of Accountancy |
| <u>Article and its heading:</u> | 1, General |
| | 3, Certification and Registration |
| | 4, Regulation |
| <u>Section numbers:</u> | R4-1-101, R4-1-341, R4-1-345, R4-1-453, R4-1-454, R4-1-455, R4-1-455.01, R4-1-455.02, R4-1-455.03, R4-1-455.04 (<i>Additional sections may be added, deleted, or modified as necessary</i>) |
- 2. The subject matter of the proposed rules:**
- R4-1-101 and R4-1-454. The peer review rule, R4-1-454, and related definitions in R4-1-101, are amended to make them consistent with the American Society of Certified Public Accountants’ (AICPA) peer review program. Such consistency will help to reduce confusion among practitioners about what are now differing peer review requirements. The AICPA peer review program subjects non-disclosure compilations to peer review, whereas, the Board’s rule does not. Rather, the Board’s rule subjects non-disclosure compilations to an Educational Enhancement Review (EER). Roughly 60% of EERs on non-disclosure compilations result in a letter of concern which is confidential and non-disciplinary. A peer review is necessary to protect the public because it ensures that practitioners take any corrective action needed while the peer review program is still educational in nature. The Board’s proposed changes to the peer review rule also accommodate changes to the AICPA standards for reviews, compilations and engagements to prepare financial statements (Statements on Standards and Accounting and Review Services [SSARS] No. 21). which went into effect on December 15, 2015. Lastly, the amendment which will require firms to provide peer review results to the AICPA Facilitated State Board Access (FSBA) will reduce the need for firms to provide results via hard copy to the Board in addition to the FSBA if the firm already participates and will serve to make Board operations more efficient as Board staff will be able to obtain results electronically from FSBA.
- R4-1-341. This rule is amended to conform to statutory changes as a result of Laws 2015, Chapter 207 (HB 2218) which allows the International Qualification Examination (IQEX) in addition to the Uniform CPA Examination as an acceptable examination to qualify for certification by reciprocity.
- R4-1-345. This rule is amended to reduce the regulatory burden by no longer requiring registrants who are suspended for non-registration for more than six months to return their actual paper certificates to the Board.
- R4-1-453. This rule is amended to clarify continuing professional education records requirements.
- R4-1-455, R4-1-455.01, R4-1-455.02, R4-1-455.03 and R4-1-455.04. These rules are amended to incorporate AICPA’s Code of Conduct and Professional Standards. AICPA is the world’s largest member association representing the accounting profession, with more than 412,000 members in 144 countries, and a history of serving the public interest since 1887. AICPA sets ethical standards for the profession and U.S. auditing standards for private companies, nonprofit organizations, federal, state and local governments. It is not efficient or effective for the Board to promulgate its own standards, as they may be redundant or contradictory to the AICPA. The incorporation by reference of the AICPA standards reduces the regulatory burden while achieving the same objective by ensuring that the accounting community only has one set of standards by which it is regulated. The standard setting process involves many practitioners with various expertise as well as a thoughtful and very public process that provide the opportunity for public input from all state Boards of Accountancy, CPA Societies, the National Association of State Boards of Accountancy, practitioners and the public at large. The incorporation of such well-thought-out standards helps provide clear guidance to practitioners and regulators. Practitioners who make the effort to stay abreast of standards that affect the accounting services that they provide are better positioned to provide quality service to their clients, and when practitioners fall short, the Board, its advisory committees, and its investigators will have clear guidance for enforcement which serves to protect the public and closes existing loopholes that create legal uncertainty.
- R4-1-455.03. The amendment of R4-1-455.03 by deleting (D)(1) is already the subject of a separate, previously filed pending rulemaking anticipated to be published in the December 23, 2016 Arizona Administrative Register. R4-1-455.03 is amended by



striking (D)(1) because it is overbroad and inconsistent with A.R.S. § 32-747.01, and to ensure that the rules reflect the Board’s current operational practices, as the Board no longer enforces this rule. The current rule is overbroad and inconsistent with the Board’s statutory framework because it requires certified public accountants (“CPAs”) who provide any type of public accounting to do so only through a firm registered with the Board, whereas A.R.S. § 32-747.01 only requires those CPAs who perform one specific type of public accounting – attest services – to do so only through a registered firm.

Technical and conforming changes are also made to the rules.

An exemption from Executive Orders 2015-01 and 2016-03 was provided for this rulemaking by Rene Guillen, Policy Advisor for Government and Transportation in the Governor’s Office, in an email dated April 21, 2016.

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

Notice of Proposed Rulemaking: 23 A.A.R. 97, January 13, 2017 (*in this issue*).

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

Name: Monica L. Petersen, Executive Director
Address: Board of Accountancy
100 N. 15th Ave., Suite 165
Phoenix, AZ 85007
Telephone: (602) 364-0870
Fax: (602) 364-0903
E-mail: mpetersen@azaccountancy.gov
Web site: www.azaccountancy.gov

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

See Notice of Proposed Rulemaking: 23 A.A.R. 97, January 13, 2017 (*in this issue*).

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

See the Notice of Proposed Rulemaking in this issue.

**NOTICE OF RULEMAKING DOCKET OPENING
DEPARTMENT OF REVENUE
GENERAL ADMINISTRATION**

[R16-294]

1. Title and its heading:

15, Revenue

Chapter and its heading:

10, Department of Revenue - General Administration

Article and its heading:

3, Authorized Transmission of Funds

Section numbers:

R15-10-301 through R15-10-306

2. The subject matter of the proposed rule:

16-10-001

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

Notice of Proposed Rulemaking: 23 A.A.R. 108, January 13, 2017 (*in this issue*).

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

Name: Christie Comanita
Address: Department of Revenue
1600 W. Monroe St., Div. Code 3
Phoenix, AZ 85007
Telephone: (602) 716-6791
Fax: (602) 716-7995
E-mail: ccomanita@azdor.gov

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

See Notice of Proposed Rulemaking: 23 A.A.R. 108, January 13, 2017 (*in this issue*).

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

None.



REGISTER INDEXES

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

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 RULEMAKING

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

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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 1 OF VOLUME 23.

<p>Arizona Health Care Cost Containment System - Administration</p> <p>R9-22-712.90. FN-22</p> <p>Pharmacy, Board of</p> <p>R4-23-407.1. PN-5; EN-31</p> <p>Retirement System Board, State</p> <p>R2-8-201. EXP-34 R2-8-207. EXP-34</p>	<p>Transportation, Department of - Commercial Programs</p> <p>R17-5-301. PM-7 R17-5-302. PM-7 R17-5-303. PM-7 R17-5-305. PM-7 R17-5-306. PM-7 R17-5-307. PM-7 R17-5-308. PM-7 R17-5-309. PM-7 R17-5-311. PM-7 R17-5-313. PM-7 R17-5-315. PM-7 R17-5-318. PM-7 R17-5-323. PM-7 R17-5-401. PN-16</p>	<p>R17-5-402. PM-16 R17-5-405. PM-16 R17-5-406. PM-16 R17-5-407. PM-16 R17-5-408. PM-16</p> <p>Transportation, Department of - Title, Registration, and Driver Licenses</p> <p>R17-4-703. EXP-34 R17-4-711. EXP-34</p>
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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 1 OF VOLUME 23.

<p>County Notices Pursuant to A.R.S. § 49-112</p> <p>Maricopa County; pp. 37-71</p>	<p>Proposed Delegation Agreement, Notices of</p>	<p>Environmental Quality, Department of; pp. 35-36</p>
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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.

January		February		March		April		May		June	
Date Filed	Effective Date										
1/1	3/2	2/1	4/2	3/1	4/30	4/1	5/31	5/1	6/30	6/1	7/31
1/2	3/3	2/2	4/3	3/2	5/1	4/2	6/1	5/2	7/1	6/2	8/1
1/3	3/4	2/3	4/4	3/3	5/2	4/3	6/2	5/3	7/2	6/3	8/2
1/4	3/5	2/4	4/5	3/4	5/3	4/4	6/3	5/4	7/3	6/4	8/3
1/5	3/6	2/5	4/6	3/5	5/4	4/5	6/4	5/5	7/4	6/5	8/4
1/6	3/7	2/6	4/7	3/6	5/5	4/6	6/5	5/6	7/5	6/6	8/5
1/7	3/8	2/7	4/8	3/7	5/6	4/7	6/6	5/7	7/6	6/7	8/6
1/8	3/9	2/8	4/9	3/8	5/7	4/8	6/7	5/8	7/7	6/8	8/7
1/9	3/10	2/9	4/10	3/9	5/8	4/9	6/8	5/9	7/8	6/9	8/8
1/10	3/11	2/10	4/11	3/10	5/9	4/10	6/9	5/10	7/9	6/10	8/9
1/11	3/12	2/11	4/12	3/11	5/10	4/11	6/10	5/11	7/10	6/11	8/10
1/12	3/13	2/12	4/13	3/12	5/11	4/12	6/11	5/12	7/11	6/12	8/11
1/13	3/14	2/13	4/14	3/13	5/12	4/13	6/12	5/13	7/12	6/13	8/12
1/14	3/15	2/14	4/15	3/14	5/13	4/14	6/13	5/14	7/13	6/14	8/13
1/15	3/16	2/15	4/16	3/15	5/14	4/15	6/14	5/15	7/14	6/15	8/14
1/16	3/17	2/16	4/17	3/16	5/15	4/16	6/15	5/16	7/15	6/16	8/15
1/17	3/18	2/17	4/18	3/17	5/16	4/17	6/16	5/17	7/16	6/17	8/16
1/18	3/19	2/18	4/19	3/18	5/17	4/18	6/17	5/18	7/17	6/18	8/17
1/19	3/20	2/19	4/20	3/19	5/18	4/19	6/18	5/19	7/18	6/19	8/18
1/20	3/21	2/20	4/21	3/20	5/19	4/20	6/19	5/20	7/19	6/20	8/19
1/21	3/22	2/21	4/22	3/21	5/20	4/21	6/20	5/21	7/20	6/21	8/20
1/22	3/23	2/22	4/23	3/22	5/21	4/22	6/21	5/22	7/21	6/22	8/21
1/23	3/24	2/23	4/24	3/23	5/22	4/23	6/22	5/23	7/22	6/23	8/22
1/24	3/25	2/24	4/25	3/24	5/23	4/24	6/23	5/24	7/23	6/24	8/23
1/25	3/26	2/25	4/26	3/25	5/24	4/25	6/24	5/25	7/24	6/25	8/24
1/26	3/27	2/26	4/27	3/26	5/25	4/26	6/25	5/26	7/25	6/26	8/25
1/27	3/28	2/27	4/28	3/27	5/26	4/27	6/26	5/27	7/26	6/27	8/26
1/28	3/29	2/28	4/29	3/28	5/27	4/28	6/27	5/28	7/27	6/28	8/27
1/29	3/30			3/29	5/28	4/29	6/28	5/29	7/28	6/29	8/28
1/30	3/31			3/30	5/29	4/30	6/29	5/30	7/29	6/30	8/29
1/31	4/1			3/31	5/30			5/31	7/30		



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
October 14, 2016	November 4, 2016	December 5, 2016
October 21, 2016	November 11, 2016	December 12, 2016
October 28, 2016	November 18, 2016	December 19, 2016
November 4, 2016	November 25, 2016	December 26, 2016
November 11, 2016	December 2, 2016	January 2, 2017
November 18, 2016	December 9, 2016	January 9, 2017
November 25, 2016	December 16, 2016	January 16, 2017
December 2, 2016	December 23, 2016	January 23, 2017
December 9, 2016	December 30, 2016	January 30, 2017
December 16, 2016	January 6, 2017	February 6, 2017
December 23, 2016	January 13, 2017	February 13, 2017
December 30, 2016	January 20, 2017	February 20, 2017
January 6, 2017	January 27, 2017	February 27, 2017
January 13, 2017	February 3, 2017	March 6, 2017
January 20, 2017	February 10, 2017	March 13, 2017
January 27, 2017	February 17, 2017	March 20, 2017
February 3, 2017	February 24, 2017	March 27, 2017
February 10, 2017	March 3, 2017	April 3, 2017
February 17, 2017	March 10, 2017	April 10, 2017
February 24, 2017	March 17, 2017	April 17, 2017
March 3, 2017	March 24, 2017	April 24, 2017
March 10, 2017	March 31, 2017	May 1, 2017
March 17, 2017	April 7, 2017	May 8, 2017
March 24, 2017	April 14, 2017	May 15, 2017
March 31, 2017	April 21, 2017	May 22, 2017
April 7, 2017	April 28, 2017	May 30, 2017
April 14, 2017	May 5, 2017	June 5, 2017
April 21, 2017	May 12, 2017	June 12, 2017



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 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 2017

[M16-300]

DEADLINE FOR PLACEMENT ON AGENDA	FINAL MATERIALS SUBMITTED TO COUNCIL	DATE OF COUNCIL STUDY SESSION	DATE OF COUNCIL MEETING
Tuesday November 22, 2016	Tuesday December 20, 2016	Wednesday December 28, 2016	Wednesday January 4, 2017
Tuesday December 27, 2016	Tuesday January 24, 2017	Tuesday January 31, 2017	Tuesday February 7, 2017
Tuesday January 24, 2017	Tuesday February 21, 2017	Tuesday February 28, 2017	Tuesday March 7, 2017
Tuesday February 21, 2017	Tuesday March 21, 2017	Tuesday March 28, 2017	Tuesday April 4, 2017
Tuesday March 21, 2017	Tuesday April 18, 2017	Tuesday April 25, 2017	Tuesday May 2, 2017
Tuesday April 25, 2017	Tuesday May 23, 2017	Wednesday May 31, 2017	Tuesday June 6, 2017
Tuesday May 23, 2017	Tuesday June 20, 2017	Tuesday June 27, 2017	Thursday July 6, 2017
Tuesday June 20, 2017	Tuesday July 18, 2017	Tuesday July 25, 2017	Tuesday August 1, 2017
Tuesday July 25, 2017	Tuesday August 22, 2017	Tuesday August 29, 2017	Wednesday September 6, 2017
Tuesday August 22, 2017	Tuesday September 19, 2017	Tuesday September 26, 2017	Tuesday October 3, 2017
Tuesday September 26, 2017	Tuesday October 24, 2017	Tuesday October 31, 2017	Tuesday November 7, 2017
Tuesday October 24, 2017	Tuesday November 21, 2017	Tuesday November 28, 2017	Tuesday December 5, 2017
Tuesday November 21, 2017	Tuesday December 19, 2017	Wednesday December 27, 2017	Wednesday January 3, 2018

*Materials must be submitted by **5 P.M.** on dates listed as a deadline for placement on a particular agenda. Placement on a particular agenda is not guaranteed.